

**ST. CLOUD HRA BOARD OF COMMISSIONERS
REGULAR MEETING**

Wednesday, January 28, 2009, 7:00 p.m.
Immediately following the Annual Meeting

City Hall Council Chambers, 400 2nd Street South, St. Cloud

STUDY SESSION - 5:00 p.m., Conference Room 1, City Hall

- 1) Discussion of Al Loehr Apartments
- 2) Discussion of Large Family Rental Development by Podawiltz Development
- 3) Open Discussion

Purpose:

**To strengthen St. Cloud through housing, economic development, job creation,
neighborhood revitalization, and community development.**

1. Roll Call and Pledge of Allegiance.

Presentation of Appreciation Plaque for Service to the HRA Board to Jeff Goerger

Consent Agenda:

2. Approval of Agenda. REQUESTED ACTION: Approve.
3. Approval of Minutes of Regular Meeting, December 17, 2008.
REQUESTED ACTION: Approve.
4. Approval to Write Off Tenants Accounts Receivables. REQUESTED ACTION: Approve.
5. Approval of Habitat for Humanity Request for CDBG Foreclosure Fund Allocation.
REQUESTED ACTION: Approve.

Open Forum: At this time members of the public may address the Board with questions, concerns, or comments (regarding an item NOT on the agenda). Citizens are asked to sign up to speak prior to the Open Forum portion of the meeting. Speakers will be limited to the first five citizens who sign up. The Board members will not ask questions of the speakers, but rather refer the matter to the Administration with a request for a follow-up report. A citizen may speak at the Open Forum only twice during the year. Open Forum is limited to a total of 10 minutes. TIME LIMIT IS 2 MINUTES PER PERSON.

Old Business:

- 6. A. Public Hearing on Approval of a Tax Increment Financing Plan for Tax Increment Redevelopment District Number Eighty-Six and the Approval of a Contract for Private Development with 5th Avenue Development, LLC.
B. Approval of Resolution 2009-01-Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Establishing Tax Increment Redevelopment District Number Eighty-Six (86) in the Central Area Urban Renewal Project (Minnesota R-65) and Approving a Tax Increment Financing Plan Therefor (5th Avenue Development, LLC Project).

C. Approval of Resolution 2009-02 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving a Contract for Private Development with 5th Avenue Development, LLC.

D. Approval of Resolution 2009-03 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving the Terms of a \$200,000 Tax Increment Interfund Loan in Connection with Tax Increment Redevelopment District Number Eighty-Six (5th Avenue Development, LLC Project).

New Business:

- 7. Approval of Change in Lot and Sales Prices to Lumber One for Meadows Edge Townhomes.
- 8. Review of Neighborhood Stabilization Program (NSP) Regional Application.
- 9. Approval of CDBG 2009 Non-Profit Application.
- 10. Approval of Resolution 2009-04 – Section 8 Management Assessment Program (SEMAP) Certification for Fiscal Year 2008.
- 11. Executive Director’s Report.

Open Discussion:

Future Items: Overview of Community Development Block Grant (CDBG)

Adjourn.

2009 HRA Board Meeting Schedule

February 25 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
March 25 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
April 22 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
May 27 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
June 24 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
July 22 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
August 26 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
September 23 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
October 28 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
November 18 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers
December 16 - 7:00 - p.m. HRA Regular Meeting, City Hall Council Chambers

**HOUSING AND REDEVELOPMENT AUTHORITY
OF ST. CLOUD, MINNESOTA
Regular Meeting Minutes
Wednesday, December 17, 2008**

Chair Nancy Gohman called the meeting to order at 6:00 p.m., Wednesday, December 17, 2008. The meeting was held in the City Hall Council Chambers, 400 2nd Street South, St. Cloud, MN.

1. Roll Call – Commissioners present: All - Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy, John Pederson and Peter Ruth. Chair Gohman welcomed Commissioner Pederson to his first regular board meeting.

Consent Agenda:

2. Approval of Agenda – Commissioner Landy moved for approval of the agenda; Commissioner Jaye seconded the motion. Commissioner Hontos asked for discussion of Item 8 and Item 9.
3. Approval of Minutes of Study Session, October 15, 2008 – approved as presented.
4. Approval of Minutes of Regular Meeting, October 22, 2008 – approved as presented.
5. Approval of Minutes of Study Session, November 19, 2008 – approved as presented.
6. Financial Reports: Public Housing Fund, Capital Grant Program Fund, Germain Towers Fund, Northway Projects A&B Fund, Eastwood Apartments Fund, Section 8 Program Fund, and Central Office Cost Center Fund – no action requested.
7. Approval of Contract for Air Conditioning Unit at Wilson Apartments – Contract approved in the amount of \$12,920 with Climate Air Inc.
8. Approval of Contract for Camera Maintenance – Commissioner Hontos moved for approval; Commissioner Johnson seconded the motion. Commissioner Hontos questioned staff if they had any concerns in changing vendors. Mike Haehn, Project Manager, responded that the contract includes a 30 day termination of contract for both parties if there are any problems. The motion carried.
9. Acceptance of Paint the Town 2008 Donations – Commissioner Hontos moved for approval; Commissioner Johnson seconded the motion. Commissioner Hontos stated he felt this was a good initiative and he fully supported it, however, he had two points to make: 1) to make sure the right people are being served, and 2) for staff to see if another non-profit can take over the project with the HRA facilitating because of the amount of staff time needed for the project. The motion carried.
10. Acceptance of Grant for Downtown Council from Central MN Initiative Foundation - Accepted.

Old Business:

11. Approval of Resolution 2008-19 - Authorizing Changes to the Common Bond Fund Policy Due to a Change in the Number of Commissioners and Changing the Name of the Common Bond Fund to the

Affordable Housing Fund – Karen Rizer, Finance Director, described how the Study Session on November 19th had prompted a new name be given to the Common Bond Fund policy. She said in addition to changing the name, the policy needed to be changed to reflect the Board as having 7 members and that a 6/7 majority vote would be need for approvals. Ms. Rizer said the policy as written infers there are only 5 members and that a 4/5 majority vote is needed to approve grants and loans from the fund. Commissioner Landy moved for approval; Commissioner Johnson seconded the motion. Commissioner Hontos responded that although he appreciated staffs time on the item he could not support the motion to change the name or the use of the funds as written. He said in reading over the history of the fund, it has been used for projects other than housing. Commissioner Hontos stated he feels more discussion should be had prior to changing the name and uses of this fund. Ms. Rizer said it was her understanding the name “affordable housing fund” was decided at the November 19th meeting, but if the Board wanted further discussion on the name or the uses of the fund she was favorable. Commissioner Landy and Commissioner Johnson withdrew their motion and second. Commissioner Johnson said he also did not remember the decision to change the name to affordable housing and felt a discussion with clear definitions of how the fund should be used was a good idea before naming it. Ms. Rizer said in response to Commissioner Hontos’ comment on the use of the funds that since the full policy was put into effect in 2001, it has been used only for housing projects; prior to the policy she said it may have been used for other projects. Commissioner Landy moved to hold over the changes for further discussion at a future study session; Commissioner Ruth seconded the motion. The motion carried.

Open Forum: There was no one wishing to speak.

New Business:

Chair Gohman asked the Board if there were any objections to moving to Item 18 in respect of time for Park Industries being present to make their request. With no objections, Item 18 moved forward.

18. Request for Termination of Development Agreement with CMMB, LLLP/Park Industries and Approval of Repurchase Agreement with CMMB, LLLP/Park Industries – Jerry Von Korff, HRA legal counsel, stated he would be unable to offer advice on the item since Park Industries is also their client.

Executive Director, Bruce Thielman, gave a short background on the original contract with Park Industries. He explained the long history between Park Industries and the HRA and the current development agreement which holds Park Industries to the construction of an 80,000 square foot building from an original date of March 2008 that has been extended to 2011. Mr. Thielman said Park Industries is making a request to cancel this agreement due to the declining economy and that they no longer need to expand. He said the agreement includes a reversion clause; however, the language does not fit this circumstance.

Tom Schlough, President of Park Industries, addressed the Board to express the concern for the future of his company and reasons for his managements request to cancel the current development agreement and enter into a new agreement where the HRA would repurchase the property at the same price Park purchased it for in 2006. He said their plan for further expansion is not in their immediate or even future plans at this time and to sell this land would place Park in a more stable financial situation. Park Industries attorney, Mike Noonan of the Rinke Noonan law firm, added that the agreement as written does not allow Park to market the land on the open market. He said the agreement was written this way by the HRA to control land speculation and the agreement requires the HRA to buy back the land if the agreement cannot be met.

Commissioner Hontos asked for clarification of the requirement Mr. Noonan referred to for the HRA to buy back the land. Mr. Noonan said the word requirement may be too strong, however, he said it does

stipulate that if Park does not build in the timeframe within the development agreement the HRA has the option to buy back the land.

Bob Toftey, HRA development attorney, explained the structure of the agreement as it was written. He said the agreement does require building by a certain date and if this date passes by more than 90 days the HRA can demand a revesting of title for the property. Mr. Toftey said at that time the title would go back to the HRA, the property would be remarketed, and if there were any net proceeds, these would then go back to the developer (Park Industries). He said the extended contract date which the Board approved, at Park's request last year will not expire until 2011 when this provision could come into play. Mr. Toftey said another provision that plays in is the restriction to transfer the property to another company without having the consent of the HRA Board. He said this was set up to control that the property is not sold on speculation and that there is a development occurring that is satisfactory to the Board. Mr. Toftey said there is not a requirement for the HRA to ever buy the property. He said tonight's request is strictly for a local business to continue operating as they are. Mr. Toftey said the request is for the HRA to terminate the agreement, repurchase the property and place it back into property development inventory for revesting. Mr. Toftey added that for all the years the revesting provision has been in place it has never been used or even asked to be used.

Commissioner Hontos questioned if renegotiating the development agreement was also an option. Mr. Toftey responded, yes. Mr. Noonan said the Board could determine to terminate the contract and allow Park to sell the land on the open market but in doing this the HRA would lose control in how the land will be used. Mr. Toftey said another option is for the land to be sold subject to the agreement.

Commissioner Hontos said this was what he was implying so the HRA would not be absorbing the land on its own. He added in speaking with St. Cloud Opportunities about repurchasing the land they stated they were hesitant in doing so but yet didn't want the HRA sitting on it alone. Commissioner Hontos said he would be interested in sitting down with the right mix of people and considering some type of shared arrangement. Commissioner Landy asked if St. Cloud Opportunities owned the land when it was originally purchased by Park. Mr. Thielman responded this was correct. Commissioner Landy asked if SCO might repurchase the property and the HRA could again be the facilitator of the sale of the land rather than the owner since this is how the original sale took place. He questioned how quickly this decision needed to be made. Mr. Schough responded this was not yet a crisis for them, but certainly not a good use of their money. He said waiting a month or so would be agreeable. Mr. Thielman said he also understands the concerns of the Board and agrees if there can be a shared risk it would be better all around. He said to note there are advantages of this lot being easy to develop and that it is the only available lot with rail access in the city, and it could possibly be sold for a profit. Commissioner Landy asked if the lot could be placed immediately on the market. Mr. Thielman said an agreement would need to be reached with Park before this could happen, but it is feasible.

Commissioner Johnson made a motion for the purpose of discussion to cancel the development agreement with Park Industries and approve the purchase agreement for the land by the HRA; Commissioner Pederson seconded the motion. Commissioner Johnson said from a policy perspective of the responsibility of the HRA there is some sort of responsibility to shore up current businesses in terms of economic development in the community. He said he could see this as being a right step for the HRA to resell the property and possibly make a profit and also create future economic development by bringing in another business while strengthening a current business. Commissioner Pederson agreed and said he felt the cash that would go back to Park would be staying within the community by Park being able to keep their business strong which is a positive for the area and has his support.

Commissioner Ruth said he would not support the motion at this time and would like to see further exploration of how to market the property together with Park rather than a straight out purchase.

Commissioner Jaye referred to the Board packet and Mr. Thielman's memo saying he would discuss further with SCO other options in partnering with them and asked if this had happened. Mr. Thielman said he had a brief conversation with the SCO President earlier in the day. He said they are open to the idea and stated they did not want the HRA to be out there alone. Mr. Thielman said he believes an agreement could be reached with them. He said today he felt the Board could authorize to cash out Park Industries and the mechanics of the situation could be further explored and worked afterwards with SCO. Commissioner Jaye asked if the current market value were above or below the \$540,000 purchase price to Park. Mr. Thielman said he believes the property has appreciated and there is a potential for a net gain since it would be the only property in St. Cloud for sale with rail access. Commissioner Jaye asked if there have been requests for rail access property. Mr. Thielman said he believes there have been some requests but as in any development there is always some risk.

Commissioner Hontos stated he is completely supportive of Park Industries. He said, however, he had spoken with 3 board members from SCO earlier in the day who stated they were not interested in solely repurchasing the land. Commissioner Hontos said he felt an agreement should be worked on between the three businesses and could not support the motion. Mr. Thielman asked if the Board preferred to table the item. Commissioner Landy moved to do so; Commissioner Hontos seconded the motion. Commissioners Gohman, Hontos, Landy and Ruth moved for approval; Commissioners Jaye, Johnson and Pederson voted against. The motion carried 4:3 - ITEM TABLED until January.

12. Mr. Thielman introduced the following resolutions and the presenters for the 5th Avenue project. He asked the Board to allow the developers to give the Power Point presentation they had prepared. Mr. Thielman said the presentation would be followed by the two consultants present to explain the requests and answer questions; Stacie Kvilvang for the TIF portion and Bob Toftey for the Development Agreement portion.

- A. Approval of Resolution 2008-20-Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Establishing Tax Increment Redevelopment District Number Eighty-Six (86) in the Central Area Urban Renewal Project (Minnesota R-65) and Approving a Tax Increment Financing Plan Therefor (5th Avenue Development, LLC Project).
- B. Approval of Resolution 2008-21 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving a Contract for Private Development with 5th Avenue Development, LLC.
- C. Approval of Resolution 2008-22 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving the Terms of a \$200,000 Tax Increment Interfund Loan in Connection with Tax Increment Redevelopment District Number Eighty-Six (5th Avenue Development, LLC Project).

Commissioner Pederson stated since there were many folks in the audience, if they were here to speak about the 5th Avenue Development they should be allowed to do so. He said he did not feel it was fair to hear one side and not the other. Commissioners Landy, Jaye, and Johnson agreed. Commissioner Hontos said he didn't disagree, however, since there was not a posted public hearing everyone may not be present knowing they would have a chance to speak. Commissioner Jaye suggested moving forward to hear the presentation at this meeting, postpone all approvals, and then hold a public hearing at the January meeting so all sides have equal opportunities to speak. Mr. Thielman responded it could be done this way, but clarified a public hearing is not a statute requirement except at the City Council level since they have the ultimate authority to approve TIF and it is on their December 29th schedule. He suggested the Board listen to the presentation and consultants and then determine if they still want a public hearing scheduled at this level.

Commissioner Landy moved to hear the presentation at this meeting, table all actions until the January 28, 2009 meeting and schedule a public hearing to be held at that meeting; Commissioner Jaye seconded the motion. Commissioners Gohman, Hontos, Jaye, Johnson, and Landy voted in favor; Commissioners Pederson and Ruth voted against. The motion carried 5:2.

Presentation -

Coborns' spokesperson, Steve Gottwalt, went through the actions that have taken place for this development project to date. He stated if the HRA Board does not take any action at this meeting it could result in changing timelines for the project. Mr. Gottwalt stated a TIF district is being requested and is a necessary component for the project to help with demolition and infrastructure costs.

Frank Dunbar (Mr. Dunbar) and his son, Steve Dunbar, retained by the LLC as consultants for the project, addressed the Board to go through the concept of the project and answer any questions. Mr. Dunbar said there is one element under restudy based on input from the neighborhood regarding the number of units and parking stalls. He said, however, this part of the project that may have changes, the 300 block, is not included in the TIF request. Commissioner Pederson said the TIF map provided to Board members and residents shows the 300 block as included in the TIF request and should be changed if it should not be.

Mr. Dunbar continued with the plans described earlier in the week to the Southside neighborhood. He said his presentation would include the 5th Avenue development, the master plan written by the neighborhood, the proposed development, including the architectural characteristics, sustainability and the residential options, along with the retail component, and a summary. Mr. Dunbar said the project introduced to be developed between 2009 and 2010 is the 300 W block. He said it will include 196 residential units, 212 residential parking stalls, approximately 20,000 square feet of retail, a St. Cloud State student welcoming center and 60 surface parking stalls (parking and units under study).

Mr. Dunbar said the next step would be the 200 W block from 2010 – 2011; include 70 market rate residential units, 12,000 square feet of retail, 78 underground parking stalls and 33 surface stalls.

Mr. Dunbar said a parking ramp of approximately 300 stalls would need to be built in 2011 for the project to continue to the 200 E block in 2011 - 2012. He said this block would consist of 80 residential units, 16,000 square feet of retail, 102 residential stalls and 36 parking stalls for retail.

Mr. Dunbar said the project would conclude from 2012 – 2013 on 300 E block. He said this would consist of 55 residential units and stalls, 10,000 square feet of retail, and 50 surface stalls.

Mr. Dunbar continued showing images of what the final project would look like. He said the concentration for the development has been in finding the target market. Mr. Dunbar said this market appears to be a customer between 26 and 31 years old, primarily single and most likely working downtown. He said this is the market to be considered for Phases 2, 3 and 4. Mr. Dunbar continued with details of the first phase of the project on the 300 W block that is targeted for student housing. His slide showed the outline for the TIF district to which the Board had some questions.

Ms. Kvilvang, Financial Consultant from Ehlers and Associates, came forward to clarify questions of the HRA Board and some that arose at the last council meeting regarding the TIF. She said things a TIF district will accomplish is set which parcels will be located in the district, detail what is thought will be constructed, and state how much tax increment will be generated. Ms. Kvilvang said typically the language will say approximately because the uses and end products tend to change over time as the development comes forward. She said the numbers being shown at this meeting on the screen are some larger and some smaller than what was in the original TIF plan. Ms. Kvilvang said since the proposal is

smaller rather than larger, and will not create more in the budget; it is acceptable from a consultants view. She said a maximum budget is set for the TIF plan so the HRA really doesn't have to worry until it gets to the development agreement. Ms. Kvilvang said this is when it is determined what assistance will go to the various projects.

Commissioner Hontos asked if the proposed parking ramp is to be paid with TIF. Ms. Kvilvang said at this time it states it is public and does not clarify this. Mr. Toftey said in the development agreement there are three phases dealing with the retail: 1) Phase I, 200 W, 15,000 square feet of commercial which by the present slide being shown is now reduced to 12,100 square feet, 2) Phase II, 200 E, 17,300 square feet and now reduced to 15,700 square feet and 3) Phase III, 300 E, 12,700 square feet and now reduced to 10,200 square feet. He said for the three phases dealt with in the development agreement totaling 45,000 square feet of retail space, it has been now reduced in this presentation to 38,000 square feet. Mr. Toftey said the number of apartment units in the development agreement, in the TIF plan, and up on the screen all match. Commissioner Johnson stated the information from Ehlers gives different numbers and details. Ms. Kvilvang apologized and stated the detail in the plan from Ehlers is correct, only the heading was inadvertently not changed and is incorrect.

Questions continued. Mr. Dunbar said he understood the questions, however, he reminded the Board that the first phase, which is the 300 W block, does not request any TIF for the housing portion of the project, only the retail portion which is a small dollar amount. He said in today's market place there is no viable development for condos or town homes which is why they have turned to student housing. Mr. Dunbar said this could change before the second, third or fourth phase are built, but for today, the market need is for student housing and there is no other viable option in this market. Commissioner Hontos asked why the 300 W project would not be done if the TIF was not awarded since it is a relatively small dollar amount. Mr. Dunbar said in order for the project to be done harmoniously it needs to plan for all the phases at the same time. He said the master plan includes commercial and in order to get the buy-in for commercial you need to show more than one block and these blocks will include TIF.

Commissioner Landy said he feels the 300 W block plan for student housing could be a great draw on City services. He said along with adding 500 students to the area, the parking issues and the TIF dollars used, before he can make a decision on the project he needs answers between now and the public hearing from a feasibility standpoint of how this is financially going to impact the community. Commissioner Landy said it is a beautiful plan that he would like to support but cannot imagine how this can work for the community if the community is not getting any taxes on it for 25 years creating it as a TIF district. Ms. Kvilvang continued to show the areas that would receive TIF and how it is determined. She said in looking at TIF districts they look at what is happening in the immediate area and what they think will redevelop in the next five years. Ms. Kvilvang said this is called a five year knockdown rule plan and comes from statute on the ability and authority of which to obligate or spend funds. She said under this parking in some form would need to replace what is taken away. Ms. Kvilvang stated by leaving the TIF in the 300 W block for retail it preserves the tax increment that this 20,000 square feet of space will generate over the next 26 years for a potential payment source to pay for a ramp. She said in rough estimates this is probably \$300,000 to \$500,000 that will be owed to the district. Ms. Kvilvang stated in response to Commissioner Landy's questions, there are 18 parcels located in the plan with an original value of approximately \$7 million. She said this is the base value that will continue to pay taxes and will be divided between the three taxing jurisdictions; the City, the County and the School District. Ms. Kvilvang said the proposed development will be valued at around \$29 million and does not include the student housing portion or the student welcome center; these will not be taxed and will not show a value. She said a key point to remember in the process of establishing a TIF district, is just because an HRA or a City approves a district, it does not mean it becomes a district. Ms. Kvilvang said the following step after the approval is to certify the district to the County Auditor and to the State. She said this certification is not requested until notification that there is a development agreement in place, so approving a TIF district

does not guarantee the developer that they will be getting any assistance. Ms. Kvilvang says the development agreement, which is done as a secondary form, is what governs assistance.

Mr. Toftey explained the proposed development agreement in the agenda packets. He pointed out the three projects covered by the agreement; 200 W, 200 E and 300 E. Mr. Toftey added it is at the HRA request and not the developers request to try to capture the tax increment off the retail portion of 300 W as a means of trying to figure out how to pay for a public parking ramp included in the proposal. He said this is a multi-phase development and does contain contingencies. Mr. Toftey said these contingencies include obtaining financing, which in the second and third phases include the guarantee of a public parking ramp. He stated the commitment on the part of the HRA with regard to the ramp is to come up with ideas for funding, but not to provide any financial assistance. Mr. Toftey stated no major changes can be made to this agreement without prior Board approval.

Commissioner Hontos asked how much of the property is secured by the developer at this time. Mr. Toftey responded only the majority of 300 W is under contract at this time. Brian Schoenborn, partner in the LLC, said the LLC has made certain commitments that they need to close on with sellers on some of the parcels to meet commitments they made to the sellers. He said part of the timeline issue they are facing is related to these purchase agreements. Mr. Schoenborn said some properties on the north side of Division Street are also under contract. He said he did not know if extensions can be granted for any of the purchase agreements but they will try to obtain them. Commissioner Hontos said he felt as a Board they are being rushed. He asked at what point the master plan will need to be reapproved if as a Board they approve it tonight knowing changes are yet to come as some parts are back under study according to Mr. Dunbar. Mr. Toftey responded that any material changes that reduce the tax increment, or change the number of apartment units, or if the commercial space deviates by more than 10% will have to come back to the Board. He said there is no risk to the HRA with the initial steps being taken because they are not selling the land, rather only providing a tool with the tax increment that can only be used after each phase is completed.

Commissioner Johnson questioned if any of the TIF money could be used toward the ramp. Mr. Toftey responded it is his understanding with the high cost of the land all the money will be needed to make the project work. Ms. Kvilvang added that if the HRA wanted to use the 10% admin fee they are capturing towards the ramp they could use all or part of this for a potential source.

Chair Gohman asked if the Board would like to vote or table the 5th Avenue Live resolutions. She said Item 12A would automatically be tabled with the public hearing scheduled for January 28, 2009.

Commissioner Pederson asked if the audience was going to have a chance to speak at this meeting. Mr. Thielman asked the Board to consider listening to the public tonight and approving the TIF plan at this meeting to keep the developers on track.

All items under Number 12 tabled until January 28, 2009 when a public hearing will be heard prior to the Board voting on the resolutions in regards to the 5th Avenue Development LLC project.

5 minute break

13. Approval of Resolution 2008-23 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving the Terms of a \$45,000 Tax Increment Interfund Loan in Connection with Tax Increment Redevelopment District Number Eighty-Seven (Model College of Hair Design Project) – Chair Gohman abstained from Item 13. The item was introduced by Vice Chair Mike Landy. Mr. Toftey explained the request. Commissioner Hontos voted for approval; Commissioner

Johnson seconded the motion. Commissioners Hontos, Jaye, Johnson, Landy, Pederson and Ruth voted in favor; no one voted against. The motion carried. Commissioner Gohman abstained.

14. Approval of Resolution 2008-24 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving the Modifications to the Tax Increment Financing Plan for the Centre Square Tax Increment District Number Twelve, as Proposed by the Housing and Redevelopment Authority in and for the City of St. Cloud, MN (Centre Square Project) – Mr. Toftey gave an explanation of the modification plan. Commissioner Hontos voted for approval; Commissioner Johnson seconded the motion. Commissioners Gohman, Hontos, Jaye, Johnson, Landy, Pederson and Ruth voted in favor; no one voted against. The motion carried.

15. Approval of Resolution 2008-25 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving a Modification to the Tax Increment Financing Plan for Tax Increment Redevelopment District Number Twenty One (Purity Dairy II Project). Mr. Toftey gave an explanation of the modification plan. Commissioner Jaye voted for approval; Commissioner Landy seconded the motion. Commissioners Gohman, Hontos, Jaye, Johnson, Landy, Pederson and Ruth voted in favor; no one voted against. The motion carried.

16. Approval of Resolution 2008-26 - Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving a Modification to the Tax Increment Financing Plan for Tax Increment Redevelopment District Number Twenty (Paramount Ramp Project). Mr. Toftey gave an explanation of the modification plan. Commissioner Hontos voted for approval; Commissioner Jaye seconded the motion. Commissioners Gohman, Hontos, Jaye, Johnson, Landy, Pederson and Ruth voted in favor; no one voted against. The motion carried.

17. Approval of Resolution 2008-27 – Resolution of the Housing and Redevelopment Authority in and for the City of St. Cloud, MN Approving the Decertification of Tax Increment Financing District No. 2 (Norwest) Mr. Toftey gave an explanation of the modification plan. Commissioner Johnson voted for approval; Commissioner Jaye seconded the motion. Commissioners Gohman, Hontos, Jaye, Johnson, Landy, Pederson and Ruth voted in favor; no one voted against. The motion carried.

Commissioner Johnson asked if the remaining debt service commitments are in this district and what happens with them. Mr. Toftey said yes, they are pooled districts. Ms. Rizer said she would check to see if the bonds can be pre-paid.

18. Moved after Item 11.

19. Approval of Rooftop Lease at Empire Apartments – Ms. Reis explained the request. She said there is no risk to the HRA because if it causes any interference or problems the lease can be cancelled. Commissioner Landy moved for approval; Commissioner Johnson seconded the motion. Commissioner Johnson asked if the terms of the contract were the same for 5 years. Mr. Thielman said yes, but there is an inflationary increase each year based on the consumer price index. All commissioners voted in favor. The item moved.

20. Approval of Memorandum of Understanding to Apply for Family Unification Program Vouchers – Ms. Reis explained the request to apply for an application of funds to HUD. Commissioner Johnson moved for approval; Commissioner Jaye seconded the motion. All Commissioners voted in favor. The item moved.

21. Approval of Personnel Policy Changes of Annual Evaluation Process – Karen Rizer, Finance Director, explained the change in the process of moving all the evaluations to one time during the year

rather than at the employee's anniversary dates as they are done presently. Commissioner Johnson asked if the Personnel Committee had reviewed the change. Commissioner Hontos said they did have discussion on the value or purpose of the evaluations and felt it was satisfactory to change the date they are completed. He said it is more of a work-load simplification. Chair Gohman said this was her understanding also during the Personnel Committee discussion. Commissioner Hontos moved for approval; Commissioner Johnson seconded the motion. All Commissioners voted in favor. The item moved.

22. Approval of Internal Control Procedures – Ms. Rizer stated how the Statement of Auditing Standards No. 112 gave a finding of not having a written internal control procedures manual. Ms. Rizer said a manual is now written. She said nothing has changed in how the work is being done, only that there is now a manual showing how it needs to be done. Commissioner Landy moved for approval; Commissioner Jaye seconded the motion. All Commissioners voted in favor. The item moved.

23. Discussion of Habitat for Humanity Request – Cliff Knettel, Development Director, said there is a pool of funding at the State level under the Neighborhood Stabilization Program that can be applied for to use on vacant foreclosed homes. He said it cannot be used for preventing foreclosures or any type of counseling, only purchases. Mr. Knettel said it is a competitive process, but there is a total of \$6,000,000 to apply for.

Mr. Knettel said Habitat for Humanity at the same time has requested the HRA assist them in obtaining funding from this program to help them with homes in the core neighborhood areas. He said there have been discussions at the regional level about a joint application to apply for some of the funds. Mr. Knettel said the deadline for the application is January 28, 2009. He gave the Board 5 different options for consideration. Les Henson, Community Development Manager, explained the guidelines and regulations for the funding and how the NSP funds would basically follow the guidelines of CDBG.

Commissioner Hontos asked if the Agency goals would change at all by doing a regional application. Mr. Knettel said the issue with doing a regional application is that you have to actually identify defined neighborhoods where the assistance is going to go. He said in other words, the funds are geographically specific so you really have to target the neighborhood the funds will go to. Mr. Knettel said there would need to be one administrator for the program in the multiple locations. He said another option is for the HRA to send in an application under only the HRA name. Commissioner Hontos asked what the other regions thought of partnering with Habitat in a joint application. Mr. Knettel said they are in favor of it because of the waiting list that Habitat already has and Habitat's goal of doing 9 to 10 homes per year in a 4-county area. He said the awarding of the projects should be out by mid-April at the latest. Commissioner Hontos said he would like to see a joint project move along and include Habitat in the mix. Commissioner Jaye asked if this money could be used on current boarded up homes in the core neighborhoods. Mr. Knettel said yes, and that he and Mr. Henson were working on data to show these numbers in the application. Commissioner Pederson agreed with Commissioner Jaye and said he too would like to see some of the foreclosed properties off the market and if working with Habitat for Humanity is feasible with their high record of people staying in the homes they go into he is in favor of working with them. He said he would even like to see the grant dollars per home go up if possible. Commissioner Johnson asked that the focus in the selection of homes range in demographics and that the staff continue to look for any available ways to keep people from going into foreclosures. Staff agreed to bring it back to the January meeting.

24. Executive Director's Report – due to the lateness of the hour Mr. Thielman did not go over any highlights but entertained questions. There were no questions.

Open Discussion: Process for meeting preferences for Al Loehr Apartment Discussion in 2009 – Ms. Rizer asked if the proposed schedule she had sent out in the Board packet was satisfactory to Board members for discussion of the continued management of the Al Loehr Apartments. Commissioner Johnson moved the schedule as proposed. Commissioner Hontos seconded it, but stated he would like to see more definite pros and cons, including financials of the HRA running it compared to continuing with Catholic Charities managing it.

Other open discussion:

Commissioner Jaye stated the Southside Neighborhood is weeks away from ratifying their comprehensive plan for their neighborhood. She said once the plan is ratified she would like to see any plans or revisions made to the 5th Avenue Live project be brought back to the Board to show that the changes are in compliance with the neighborhood plan.

Commissioner Hontos said he has been talking with a developer who had a purchase agreement on the Larson home which now has lapsed. He said the developers understanding was that there is no HRA money is available to help with it. Commissioner Hontos said he would like further discussion about this. Commissioner Landy said he thought the HRA's role was only to facilitate the sale. Mr. Thielman said he was aware of the purchase agreement on the house but it did not involve the HRA. He said there was no role for the HRA and the developer could not come to any terms with St. Cloud State. Mr. Thielman said if there is no project or program or end use there is no role for the HRA. Commissioner Hontos said this could be true; he just had not heard about the purchase agreement and would like further discussion about the details of the agreement.

Commissioner Johnson asked if the meetings for 2009 were going to start at 6:00 p.m. or 7:00 p.m. Mr. Thielman responded the by-laws state 7:00 p.m., but if the Board chooses at the January Annual meeting the times can be discussed and changed. Commissioner Ruth suggested looking at November and December scheduled meeting dates because of the holidays around them. Mr. Thielman said both items can be looked at in the January meeting.

There being no further business, the meeting adjourned at 9:44 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos

TO: St. Cloud HRA Board of Commissioners
 FROM: Louise Reis, Housing Director
 DATE: January 16, 2009
 SUBJECT: Write-Off Resident Accounts Receivable

Requested Action: Authorization from Board to write-off and expense accounts receivable for Public Housing, Germain Towers, Northway A & B, and Eastwood Apartments on former residents in the following amounts:

Public Housing	\$ 16,565.35
Germain Towers	\$ 3,779.52
Northway A & B	\$ 610.62
Eastwood Apartments	\$ 183.83

Background: Periodically, we are required to review the vacated resident accounts receivable and determine which accounts are not collectible.

The receivables include actual rent and all damages not paid by a resident prior to vacating the unit. The receivables greater than 60 days old, as of December 31, 2008 are determined to be not collectible.

The receivables that are greater than 60 days old are forwarded to Minnesota Department of Revenue under the Revenue Recapture Program. During 2008, the HRA has recovered the following amounts:

Public Housing	\$ 7,270.14
Germain Towers	\$ 490.84
Northway A & B	\$ 955.70
Eastwood Apartments	\$ 102.27

Frequency of Request: Bi-annually

Related Actions: None

Future Action: None

Relationship to Goals: #5 - To take a leadership role in developing cooperative partnerships with other agencies and groups in addressing the housing market and other targeted housing.

Budget Impact: There is no budget impact.

TO: St. Cloud HRA Board of Commissioners
FROM: Leslie Henson, Community Development Manager
DATE: January 21, 2009
SUBJECT: Habitat for Humanity Request for CDBG Foreclosure Fund Allocation

Requested Action: Approve CDBG funding for Habitat for Humanity for acquisition of foreclosed residential properties. To be allocated from CDBG Activity fund #2008-157 in the amount of \$80,000.

Background:

This Activity is proposed to be funded from an existing allocation established in 2008 for Neighborhood Revitalization Activity CDBG 2008-157. This fund was established to acquire deteriorated residential properties for affordable housing. Qualified uses of the fund include:

1. Acquisition of deteriorated residential properties, for demolition, cleared lots to be used for affordable housing. 2) Acquisition of deteriorated residential properties to be renovated, to be used for affordable housing. Priority use of this fund is to be given to Habitat for Humanity for qualified participating families. National Objective is: benefit to low to moderate income persons.

The HRA Board of Commissioners directed staff at their December 17, 2008 meeting to bring a proposal back to them at their January Board of Commissioners meeting to fund this Habitat for Humanity activity. There is \$100,000 of CDBG funds available in the CDBG program Activity #2008-157 that is designated for acquisition of foreclosed residential property. The HRA Board has previously committed CDBG funds, in 2007, in the amount of \$70,000 Activity #2005-128, to assist Habitat for Humanity in acquiring existing residential properties. In 2007 the HRA Board of Commissioners authorized this \$70,000 for Habitat for Humanity to acquire two deteriorated properties with \$35,000 to be made available for each purchase. It is proposed to combine these two funds, the 2005-128 fund in the amount of \$70,000 and the 2008 fund Activity 2008-157 in the amount of \$80,000, totaling \$150,000.

Frequency of Request: One time.

Related Actions: None.

Future Action: None.

Budget Impact: None.

Relationship to HRA Goals: Assist in developing a strategic plan with the City for foreclosed homes.

Relationship to City of St. Cloud, Five Year Consolidated Housing and Community

Development Plan Goals: Homeless, affordable housing and community development needs.

TO: St. Cloud HRA Board of Commissioners

FROM: Bruce Thielman, Executive Director

DATE: January 21, 2009

SUBJECT: Approval of a Resolution to Establish a Tax Increment Financing District for 5th Avenue Development, LLC Project

Requested Action: The HRA staff recommends approval.

Background: In December, the HRA Board established a public hearing for this meeting to listen to the public concerns. During the time since the last meeting, the neighbors and area landlords have been seeking information and have sent letters, emails, and made phone calls to express their opinions. The developers have held meetings with the neighbors, landlords and public officials as well. Based on those meetings, some additional detail as to the description of the various phases of the project was added to the development agreement.

The revised development agreement and tax increment plan are both attached for your reference. The request is for creation of a Tax Increment Redevelopment District and the term for collection of increment is for 26 years. The current tax base will remain the same or will be “frozen” so that the three taxing jurisdictions can rely on the property taxes to remain stable during the term of the tax increment plan. Minnesota Statutes allow for this type of public assistance to encourage revitalization of older areas of a community as a way of enhancing economic growth and encouraging private investment. This particular development is an excellent example, and in these challenging economic times where so many entities are decreasing employment and investment, this development will cause expansion of jobs, and a general growth economic activity in the Downtown area. This is a unique opportunity for establishing a connection between the Southside University neighborhood with the central business district of St Cloud. Those are the reasons for the staff support of this project.

However, there are citizens that are concerned about the reasons for approving tax incentives for this project. Please note that the 300 West Block, where the former grocery store was located, is not included in the development agreement, and therefore, the HRA has no stake in the student housing concept for this parcel. Second, the retail portion of the 300 West Block is included in the Tax Increment Plan for the sole purpose of preserving the tax increment in the retail component for the parking ramp proposed to be built in 2011.

Please also note that the tax increment will only begin when the development is completed. For example, Phase One in the development agreement is the 200 West Block. The tax increment incentive will only be granted when the redevelopment actually occurs and is completed. If the development does not go forward, no tax increment is distributed. This is a protective measure for the HRA to assure the public’s interest.

Phase Two (200 East) and Phase Three (300 East) are dependent on finding an appropriate mechanism to fund the parking ramp. If no development occurs, no tax increment will be authorized.

Frequency of Request: One time.

Related Actions: The actions include approving the tax increment financing plan, and an interfund loan for the expenses relating to the project. If approved, the Board recommends the project to the City Council for another public hearing and consideration for approval of the tax increment plan. The projected dates are February 9 to set the public hearing, and February 23 for the public hearing and request for approval.

Future Action: None.

Relationship to Goals: Assist in prudently implementing the City's vision, increase the City's tax base, and enhance business opportunities through economic development.

HRA Budget Impact: A deposit has been received for \$40,000 from the developer to cover administrative costs for the HRA and consultant costs, which include legal, public finance, and the substandard test certification. The deposit is refunded when the first phase is complete, then the fee is an eligible expense of the tax increment district and is repaid as tax is collected. If the project does not occur, the deposit is retained.

NOTICE OF PUBLIC HEARING
THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE
CITY OF ST. CLOUD, MINNESOTA

ON APPROVAL OF A TAX INCREMENT FINANCING PLAN FOR TAX
INCREMENT REDEVELOPMENT DISTRICT NUMBER EIGHTY-SIX AND THE
APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT WITH 5TH
AVENUE DEVELOPMENT, LLC

NOTICE IS HEREBY GIVEN that the Board of Commissioners of The Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota (the "Authority"), will conduct a public hearing on Wednesday, January 28, 2009, at 7:00 p.m., or as soon thereafter as the matter can be considered, in the council chambers in City Hall, 400 Second Street South, St. Cloud, Minnesota, to consider the approval of a tax increment financing plan (the "TIF Plan") for proposed Tax Increment Redevelopment District Number Eighty-Six (the "District") within the Central Area Urban Renewal Project (Minnesota R-65) (the "Redevelopment Project Area"). The TIF Plan is proposed to be approved pursuant to Minnesota Statutes, Chapter 469, to assist in the development of the 5th Avenue Development, LLC project (the "Project"). This Project consists of the acquisition of sites, demolition of structures and construction of multiple buildings for commercial and housing uses in several phases located in an area on both sides of 5th Avenue South between 1st Street South and 4th Street South in the City and construction of related parking. The Project will be developed by 5th Avenue Development, LLC (the "Company"). The Authority will also consider the approval of a Contract for Private Development relating to the Project to be entered into between the Authority and the Company.

The legal description of the District is set forth in the TIF Plan. Draft copies of the TIF Plan and Contract for Private Development are available for public inspection in the office of the Executive Director of the Authority during normal business hours.

Any person wishing to be heard with respect to the approval of the TIF Plan and Contract for Private Development will be heard orally or in writing at the public hearing.

BY ORDER OF THE HOUSING AND
REDEVELOPMENT AUTHORITY IN AND FOR THE
CITY OF ST. CLOUD, MINNESOTA

/s/ Bruce Thielman, Executive Director

RESOLUTION NO. 2009-01

RESOLUTION OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF ST. CLOUD, MINNESOTA ESTABLISHING TAX INCREMENT REDEVELOPMENT DISTRICT NUMBER EIGHTY-SIX (86) IN THE CENTRAL AREA URBAN RENEWAL PROJECT (MINNESOTA R-65) AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR (5TH AVENUE DEVELOPMENT, LLC PROJECT)

BE IT RESOLVED by the Board of Commissioners (the “Board”) of The Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota (the “Authority”), as follows:

Section 1. Recitals; Findings.

1.01 Pursuant to Minnesota Statutes, Sections 469.001 through 469.047 (the “Act”), the Authority has been established and is authorized to exercise development and redevelopment powers.

1.02 5th Avenue Development, LLC, a Minnesota limited liability company (the “Company”), is in the process of acquiring property in an area of the City of St. Cloud, Minnesota (the “City”) which the Authority has identified as being in need of redevelopment, specifically, the area located in the City’s central business district in an area on both sides of 5th Avenue South between 1st Street South and 4th Street South in the City (the “Project Area”). The Company intends to acquire sites, demolish structures, including substandard structures, and construct multiple buildings for commercial and housing uses, including related parking (the “Project”) in several phases located within the Project Area.

1.03 The Authority is considering establishment of Tax Increment Redevelopment District Number Eighty-Six (86) (the “TIF District”) within the Central Area Urban Renewal Project (Minnesota R-65) (the “Redevelopment Project”) and adoption of a Tax Increment Financing Plan (the “TIF Plan”) therefor, pursuant to Minnesota Statutes, Sections 469.174 through 469.1799 (the “TIF Act”) to provide assistance in developing the Project and encouraging investment in the Redevelopment Project. The Project Area lies within the Redevelopment Project and the TIF District. The Authority has prepared the TIF Plan in accordance with the TIF Act.

1.04 Pursuant to Section 469.175, Subdivision 2a of the TIF Act, the Authority has delivered written notice of the TIF District to the County Commissioner who represents the area proposed to be included within the TIF District. The notice contained a general description of the TIF District, the proposed activities to be financed by the TIF District, and an offer to meet and discuss the TIF District along with a solicitation of such Commissioner’s comments with respect to the TIF District.

1.05 Pursuant to Section 469.175, Subdivision 2 of the TIF Act, the Authority has provided the Stearns County Auditor and the Clerk of the School Board of Independent School District No. 742 with a copy of the proposed TIF Plan, which includes the Authority’s estimate of the fiscal and economic implications of the proposed TIF District.

1.06 The Authority has transmitted a copy of the proposed TIF Plan to the City Council in a document entitled “Tax Increment Financing Plan for the establishment of Tax Increment Redevelopment District Number Eighty-Six (86) (5th Avenue Development, LLC Project).”

1.07 Pursuant to Section 469.175, Subdivision 3 of the TIF Act, the Authority has requested the City to hold a public hearing on the TIF Plan and approve the TIF Plan. The public hearing, at which the views of all interested parties will be heard, is expected to be held at City Hall on February 23, 2009.

1.08 After investigation of the facts, the Board is of the opinion that: it is necessary for the sound and orderly development of the Redevelopment Project and of the City as a whole and for the protection and preservation of the public health, safety and general welfare, that the powers authorized by the Act be exercised by the Authority to provide public financial assistance to the Project; proper development of the Redevelopment Project in accordance with the City's long range plans is essential to the economic viability of the Project, the economic well-being of the City and its residents and the orderly development of the City; it is necessary for the orderly and beneficial development of the Redevelopment Project to provide for the cost of certain improvements within the TIF District, including acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition, clearing of land, installation of utilities, streets, sidewalks and parking facilities; there is a need for redevelopment within the Redevelopment Project to provide retention of and creation of employment opportunities for residents of the City, the surrounding communities and the State of Minnesota (the "State"), to improve the tax base of the City and the State, to improve the general economy of the City and the State, and to provide other facilities as identified in the TIF Plan; creation of the TIF District is in the public interest and will result in increased employment in the City and in the preservation and enhancement of the tax base of the City; that the TIF District is intended and, in the judgment of the Authority, its effect will be to promote the public purposes and accomplish the objectives specified in the TIF Plan, which are all consistent with the efforts already made for the development of the Redevelopment Project.

Section 2. Intent. It is declared to be the intent of the Authority to use the powers granted to it by the Act to achieve the objectives thereof.

Section 3. Statutory Findings.

3.01 It is the opinion of the Board, based on discussions with representatives of the Company and information contained in the TIF Plan that: redevelopment within the TIF District would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; that the increased market value of the site to be included in the TIF District that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from redevelopment in the TIF District after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan; and that the use of tax increment financing is necessary. (See the TIF Plan for the reasons and supporting facts which are incorporated herein by reference.)

3.03 The TIF Plan conforms to the general plan of redevelopment of the City as a whole.

3.04 Based on information contained in the TIF Plan, the TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development and redevelopment of the Redevelopment Project by private enterprise.

Section 4. Approval.

4.01 Conditioned on approval by the City, the TIF Plan is approved and the TIF District is established.

4.02 The geographic boundaries of the TIF District are as described in the TIF Plan, which document is incorporated herein by reference and which contains the requirements set forth in Section 469.175, Subdivision 1 of the TIF Act.

Section 5. Designation of TIF District.

5.01 A. The TIF District is a “redevelopment district” as defined by Section 469.174, Subdivision 10 of the Act because the following conditions are reasonably distributed throughout the geographical area of the TIF District:

(1) parcels consisting of more than 70 percent of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures; and

(2) more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree, requiring substantial renovation or clearance.

B. LHB, Inc., a firm of engineers and architects (the “Consultant”) made site, interior and exterior evaluation of the 18 parcels in the Project Area on July 31, August 29 and September 1, 2008. The Project Area contains ten buildings, consisting of a church, two multi-family residential buildings, six commercial buildings and a government building. Internal inspections were made on all buildings. The Consultant prepared a written assessment (the “Assessment”) on the condition of the buildings, the size of the tax parcels within the Project Area and the portion of the proposed TIF District occupied, all within the meaning of the TIF Act. The Consultant also provided in its Assessment estimated replacement costs and estimated costs to bring the deficiencies into compliance with current building code requirements based on the Assessment. Six of the ten buildings (or 60% of the buildings) in the TIF District contain code deficiencies exceeding the 15% threshold test of the TIF Act. The estimated replacement costs, estimated costs to correct building code deficiencies and the percentage of replacement cost for the six buildings are set forth in Building Code and Condition Deficiency Report which is a portion of the Assessment.

C. The TIF District consists of 18 tax parcels for real estate tax purposes, each of which are “occupied” by buildings, streets, utilities, paved or gravel parking lots, or other similar structures within the meaning of Section 469.174, Subdivision 10(d) of the Act. Six of the ten parcels are “occupied” by structurally substandard buildings because, according to the conclusions of the Assessment and the Report, the buildings cannot be modified to satisfy current building code requirements at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site.

5.02 The reasons and supporting facts for determination that the TIF District meets the criteria set forth in Section 5.01 hereof will be retained and made available to the public by the Authority until the TIF District has been terminated.

5.03 At least 90 percent of the revenues derived from tax increments from the TIF District will be used to finance the cost of correcting conditions that allowed designation of the TIF District under Section 469.174 of the TIF Act.

Section 6. Filing; Record Keeping. Upon approval of the TIF Plan by the City, the Executive Director of the Authority or his designee is authorized and directed to transmit a certified copy of this Resolution together with a certified copy of the TIF Plan to the County Auditor of Stearns County with a request that the original net tax capacity and the original local tax rate applicable to the TIF District be certified to the Authority pursuant to Section 469.177, Subdivision 1 and 1a of the TIF Act and to file copies of the TIF Plan with the State Commissioner of Revenue and the State Auditor.

Section 7. Tax Increment Account. In accordance with Section 469.177, Subdivision 5 of the TIF Act, the tax increment received by the Authority with respect to the TIF District shall be segregated by the Authority in a special account or accounts on its official books and records.

RESOLUTION NO. 2009-02

RESOLUTION OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF ST. CLOUD, MINNESOTA APPROVING A CONTRACT FOR PRIVATE DEVELOPMENT WITH 5TH AVENUE DEVELOPMENT, LLC

BE IT RESOLVED by the Board of Commissioners (the “Board”) of The Housing and Redevelopment Authority in and for the City of St. Cloud (the “Authority”) as follows:

Section 1. Recitals.

1.01 Pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the “Act”), the Authority has been established and is authorized to exercise housing and redevelopment powers.

1.02 In furtherance of the objectives of the Act, the Authority has undertaken a program for the clearance and reconstruction or rehabilitation of blighted, deteriorated, deteriorating, vacant, unused, underused or inappropriately used areas of the City of St. Cloud, Minnesota (the “City”), and in this connection is engaged in carrying out a redevelopment project known as the Municipal Redevelopment Project Number R-65 (the “Redevelopment Project”) commonly known as the Central Area Urban Renewal Project (the “Project Area”) located in the City.

1.03 There has been prepared and approved by the Authority and the City Council of the City pursuant to the Act a redevelopment plan for the Redevelopment Project, which plan as originally adopted and amended and as it may hereafter be amended, is hereinafter referred to as the “Redevelopment Plan”.

1.04 The Authority and the City are additionally considering establishing Tax Increment Redevelopment District Number Eighty-Six (86) located in the Project Area (hereinafter referred to as the “TIF District”) pursuant to Minnesota Statutes, Sections 469.174 to 469.1799 (the “TIF Act”), through the adoption of a Tax Increment Financing Plan therefore (hereinafter referred to as the “TIF Plan”) prepared in accordance with the TIF Act.

1.05 5th Avenue Development, LLC, a Minnesota limited liability company (the “Company”) is in the process of acquiring certain real property located in an area on both sides of 5th Avenue South between 1st Street South and 4th Street South in the Project Area (the “Development Property”), and the Company intends to acquire sites, demolish structures and construct multiple buildings for commercial and housing uses in several phases (the “Project”), on the Development Property.

1.06 The terms and conditions of the Project on the Development Property are set forth in the Contract for Private Development proposed to be entered into between the Authority and the Company, the form of which is on file in the office of the Executive Director (the “Agreement”).

Section 2. Findings.

2.01 The Development Property would not, in the foreseeable future, be made available for redevelopment in the manner proposed without the assistance of the Authority.

2.02 The Project will meet a specific need identified by the Authority in the Redevelopment Plan and will afford maximum opportunity for redevelopment of the Development Property by private enterprise.

2.03 The Project conforms to and is in accordance with the Redevelopment Plan.

Section 3. Approval of the Agreement.

3.01 The form of the Agreement, as presented to the Board, is approved. Following the approval of the TIF Plan by the City Council of the City, the Chair and the Executive Director of the Authority are authorized and directed in the name and on behalf of the Authority to execute the Agreement, with such changes as do not materially change the substance thereof as the Chair and the Executive Director shall deem necessary and appropriate.

RESOLUTION NO. 2009-03

RESOLUTION OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF ST. CLOUD, MINNESOTA APPROVING THE TERMS OF A \$200,000 TAX INCREMENT INTERFUND LOAN IN CONNECTION WITH TAX INCREMENT REDEVELOPMENT DISTRICT NUMBER EIGHTY-SIX (5TH AVENUE DEVELOPMENT, LLC PROJECT)

BE IT RESOLVED by the Board of Commissioners (the “Board”) of The Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota (the “Authority”) as follows:

Section 1. Recitals.

1.01 Pursuant to Minnesota Statutes, Sections 469.001 through 469.047, the Authority has been established and is authorized to exercise housing and redevelopment powers.

1.02 The Authority has heretofore approved the establishment of Tax Increment Redevelopment District Number Eighty-Six (the “TIF District”) within the Central Area Urban Renewal Project (Minnesota R-65), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the TIF District (the “TIF Plan”), pursuant to Minnesota Statutes, Sections 469.174 through 469.1799, as amended (the “TIF Act”).

1.03 The Authority has also approved the Contract for Private Development (the “Contract”) with 5th Avenue Development, LLC, (the “Company”), under which the Company intends to acquire sites, demolish structures, including substandard structures and will construct multiple buildings for commercial and housing uses, including related parking (the “Project”) in several phases located within the boundaries of the TIF District.

1.04 The Authority determined to pay for certain costs incurred by the Authority identified in the TIF Plan consisting of legal and financial services and related expenses to prepare and implement the TIF Plan for the TIF District and the Contract for the Project (collectively, the “Costs”), which Costs are being financed on a temporary basis from the Authority’s general fund (the “General Fund”).

1.05 Under Section 469.178, Subdivision 7 of the TIF Act, the Authority is authorized to advance or loan money from the General Fund or any other fund from which such advances may be legally made in order to finance the Costs.

1.06 The Authority intends to reimburse itself for the Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the “TIF Loan”) and the TIF Plan.

Section 2. Terms of the TIF Loan.

2.01 The Authority shall repay to the General Fund the principal amount up to \$200,000, together with interest on the principal amount expended accruing from the date of each expenditure at the rate specified under Minnesota Statutes, Section 549.09. The interest rate for each calendar year during the term of the TIF Loan will be determined as of each January 1.

2.02 Principal and interest (the “Payments”) shall be paid semi-annually on February 1 and August 1, commencing on August 1, 2011, to and including the earlier of (a) the date the principal and accrued interest of the TIF Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District (the “Payment Dates”) which Payments will be made in the amount and only to the extent of Available Tax Increment as hereinafter defined. The Payments shall be applied first to accrued interest and then to unpaid principal. Interest accruing from the date of each expenditure to the first Payment Date shall be compounded semiannually on February 1 and August 1 of each year and added to the principal. If not sooner paid, final payment on the TIF Loan shall be on February 1, 2037.

2.03 Payments on this TIF Loan are payable solely from “Available Tax Increment,” which shall mean, on each Payment Date, all of the tax increment generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the Authority by Stearns County, all in accordance with the TIF Act. Payments on this TIF Loan are subordinate to any outstanding or future bonds, revenue notes or contracts secured in whole or in part with Available Tax Increment from the TIF District, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04 The principal sum and all accrued interest payable under this TIF Loan are pre-payable in whole or in part at any time without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this TIF Loan.

2.05 This TIF Loan is evidence of an internal borrowing by the Authority and the City in accordance with Section 469.178, Subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This TIF Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority or the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this TIF Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this TIF Loan or other costs incident hereto. The Authority or the City shall have no obligation to pay any principal amount of the TIF Loan or accrued interest thereon which may remain unpaid after the final Payment Date.

2.06 The Authority may amend the terms of this TIF Loan at any time by resolution of the Board, including a determination to forgive the outstanding Payments to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval by the Board.

Adopted: January 28, 2009.

TO: St. Cloud HRA Board of Commissioners

FROM: Cliff Knettel
Jeannette Bineham

DATE: January 21, 2009

SUBJECT: Meadows Edge Townhomes

Requested Action:

Approval of the recommendation noted below.

Background:

The Meadows Edge Townhomes in Westwood Village now have 36 units constructed, out of 72 units. Only 23 of the townhomes have sold. Construction began in 2005 and three units sold during that year. Ten sold in 2006; nine in 2007 and only one in 2008. The HRA contracts with Lumber One Avon to take transfer of the land, build the units, and sell the townhomes. Lumber One works with a local real estate agent to market the townhomes and ensure that qualified buyers purchase them. During summer and fall of 2008, they provided two-three open houses/week at Meadows Edge. No one was coming to the open houses. Lumber One believes that the prices of nearby homes and homes in established neighborhoods are keeping potential buyers away from Meadows Edge.

Options:

Because of lower home prices, Lumber One is seeking solutions in partnership with the HRA to determine how to sell the townhomes. Together, we reviewed the following options:

- Increase the income guidelines above 70% state median income for buyers – this option is not allowed because of the Tax Increment Financing for the Westwood Village project. State law requires the 70% level.
- Sell the townhomes on a contract for deed arrangement – Minnesota Housing (which helped finance the project) advises against this. It might place buyers in the homes who do not have the financial means to afford them over the long term. Minnesota Housing would require the HRA to guarantee the gap assistance that MHFA provides.
- Rent the townhomes – this is not a rental project and would not provide the proceeds for paying the TIF requirements. The rent would have to be extremely high to include the association dues as well. Association dues are currently \$110/month.
- Request value gap assistance from Minnesota Housing – this program assists projects where the cost of building is higher than appraisal prices for the homes. Lumber One and the HRA requested this assistance, however Minnesota Housing denied this request because there was not enough of a difference to justify value gap assistance.
- Reduce the price of the lot which would then reduce the price of the townhomes to buyers. Lumber One would also contribute to the reduction of the sales price. This appears to be the most responsive option. The HRA staff met and reviewed a number of factors with Lumber One. The following recommendation addresses the main concerns.

Recommendation:

1. Reduce the lot price from \$31,000 to \$21,000 for 13 townhomes that are currently vacant

2. Reduce the townhomes sales prices as noted below
3. Utilize funds in the Housing Development Fund in the amount of \$130,000 to finance this reduction of the lot price

Meadows Edge Pricing

Townhome Units	Current Price	Proposed Price
3 Bedroom End Unit	\$146,400	\$129,900
3 Bedroom Middle Unit	\$143,400	\$126,900
2 Bedroom End Unit	\$135,900	\$119,900
2 Bedroom Middle Unit	\$132,900	\$116,900

Rationale:

- Lumber One and the HRA obtained two appraisals for a 3 bedroom townhome, one was \$137,000 and the other was \$130,000. The proposed prices reflect these reduced sales prices.
- These are the maximum selling prices and the units could be sold for less depending on negotiations between Lumber One and potential buyers.
- The proposed prices will be below nearby homes that have been reduced to \$139,900. These could also be lowered for the final sale.
- Lumber One provided information that lots in Coyote Creek (which are wooded lots) are selling for \$22,000. This price includes assessments. The taxable value for Meadows Edge lots is \$15,000.
- The reduced prices will be more affordable for buyers at or below 70% state median income.
- This plan will assist Lumber One to sell the constructed units and reduce their holding costs.
- Lumber One and the HRA are committed to selling the units to individuals and families who can sustain home ownership. These prices will make that possible.
- The development will continue toward completion which is necessary to generate tax increment revenue in order to make the bond payments. Karen has worked with Ehlers to project future cash flows for the TIF fund under various scenarios. That information is attached.
- The project has a 0% loan with MHFA that requires \$15,000 to be repaid with each home sale with the entire remaining balance due on a specific date. The current balance is \$415,000. We have obtained multiple extensions on this loan and it is currently due in full on March 31, 2009. It is likely that we could obtain another six month extension, but beyond that is questionable. This is one reason to get as many homes sold as possible within the next eight months.

Frequency of Request: Unknown

Related Actions: None at this time

Future Action: Unknown

Relationship to Goals: This relates to: “Participate when appropriate in providing housing options to meet the needs of City residents”.

Budget Impact: Use of Housing Development funds generated by the Westwood Village projects to reduce the lot price

**Estimated Impact of Construction Schedule on TIF Fund
for the Meadow's Edge Development**

Prepared by Karen Rizer (with assistance from Ehler's)

If seven units are completed each year and the entire development is completed by 2015, the TIF fund would be in the black by 2015 and have an ending fund balance of approximately \$550,000.

If six units are completed each year and the entire development is completed by 2016, the TIF fund would be in the black by 2017 and have an ending fund balance of approximately \$500,000.

If six units are completed every other year and the entire development is completed by 2022, the TIF fund would be in the black by 2023 and have an ending fund balance of approximately \$300,000.

If no additional units are completed until 2012, then six are completed each year for 2012 through 2017, the TIF fund would be in the black by 2019 and have an ending fund balance of approximately \$400,000.

If no additional units are completed, the TIF fund would always be in the red and have an ending fund deficit of approximately \$550,000.

(The word completed in this sense means being put on the tax roll.)

TO: St. Cloud HRA Board of Commissioners

FROM: Cliff Knettel, Development Director

DATE: January 21, 2009

SUBJECT: Regional NSP Application

Requested Action:

This item is a review of the grant application that was submitted to Minnesota Housing Finance Agency for Neighborhood Stabilization Funding. The application is due January 28th, but at the time of this memo, we are still in the process of drafting the application. I expect that the grantwriting will be completed on the day of the Board meeting, so I am providing a summary of the application highlights. I will also provide a copy of the draft application as soon as it is in a state of near readiness, likely to be early next week.

No approvals are required until awards are announced. If we are awarded funding for this regional effort, the St. Cloud HRA will need to enter into joint powers agreements with co-applicants.

Background:

At the December Board of Commissioners meeting, staff was given the direction to pursue a regional application for funding, with Habitat for Humanity as a partner in providing foreclosure mitigation activities. Since the last meeting, the St. Cloud HRA has been approached by several communities to assist in grant preparation and administration.

Since the December meeting, we have facilitated meetings with Benton, Stearns and Sherburne Counties, and including the Cities of Sartell, Sauk Rapids, Waite Park, and Becker. We have also included Habitat for Humanity and Tri-CAP staff in the discussions as potential partners.

This working group prepared and analyzed maps of county-wide foreclosures to identify concentrations of foreclosure activities. Sartell initially had two neighborhoods identified as “Target Areas”, but have since determined that many of the foreclosures in those neighborhoods have been re-purchased by homeowners or investors, and they therefore withdrew from the application. It is good news that the private sector is taking care of part of the problem.

At the point of this memo, the neighborhoods that have been identified as “Target Neighborhoods” include:

St. Cloud - Core Neighborhoods (Stearns and Benton)	Sauk Rapids - Core Neighborhoods (Benton)
St. Cloud - Southeast (Sherburne)	St. Joseph – Liberty Pointe (Stearns)
Waite Park - Core Neighborhood (Stearns)	Becker – Three neighborhoods (Sherburne)
Foley – 1 or 2 newer, small subdivisions (Benton)	Clear Lake – Core neighborhood (Sherburne)
Rice – 1 or 2 newer, small subdivisions (Benton)	

At this time, the group is seeking \$2,000,000 in funding, to be broken down as follows:

1. \$480,000 for Homebuyer Incentive (24 Homes)
2. \$470,000 for Homebuyer Rehab Loans** (20 Homes)
3. \$800,000 for Purchase/Rehab/Resale in conjunction with Habitat and Tri-Cap (10-12 homes)
4. \$250,000 for Acquisition and Demolition in St. Cloud. (3-4 properties) – redevelopment may consist of public uses or affordable housing (to be land banked by Habitat for Humanity).

** St. Cloud Core neighborhoods already have a \$720,000 program for homebuyer rehab.

In addition to the NSP Requested funds, local match as been committed as follows:

1. \$150,000 in CDBG funding for two habitat rehab projects in St. Cloud.
2. Up to \$200,000 in donated labor and materials from Habitat for Humanity
3. Up to \$25,000 (Match of \$2500 per loan) in Benton, Stearns and Sherburne Counties
4. Tri-CAP was awarded \$336,000 from a “rural” funding source, the Federal Home Loan Bank, to do purchase/rehab/resale activities in our “Target Areas” except City of St. Cloud.
5. Tri-CAP will provide weatherization audits and improvements for all buyers who use NSP rehab loans and Habitat rehabs, as long as they qualify for fuel assistance.
6. The Greater Minnesota Housing Fund will be providing additional NSP eligible funding prior to the application deadline. Amount is to be determined.

If awarded at the requested level, we could have an impact on at least 75 homes, and depending on additional financial award from GMHF, that number could increase to as many as 100 homes impacted.

Frequency of Request: One time.

Related Actions: The HRA was previously awarded \$500,000 (plus local match of \$220,000) from MHFA’s CRV process.

Future Action: Grant award approvals and joint powers agreements will come at a future meeting. There is a proposal to commit CDBG matching funds on this meeting agenda.

Relationship to Goals: Improve core neighborhoods, mitigate impacts of foreclosures.

Budget Impact: The HRA received a forgivable loan of \$10,000 from GMHF to prepare the application. This should substantially cover our costs to prepare the application. A total of 8.7% of the awarded funds can be used for administrative costs to administer the programs. Some staff costs are also attributable directly to specific projects that are funded.

TO: St. Cloud HRA Board of Commissioners

FROM: Leslie Henson, Community Development Manager

DATE: January 21, 2009

SUBJECT: Community Development Block Grant 2009 Non-Profit Applications

Requested Action: Review and discuss the three projects that have requested funding, and advise staff on the Board's prospective regarding these applications. No formal action is requested at this time. Staff will bring a proposed CDBG budget for the 2009 Community Development Block Grant (CDBG) application to the February Board of Commissioners meeting.

The non-profit project requests are as follows:

- 2009 Housing Coalition of the St. Cloud Area - Renovation of a four-unit transitional housing facility located at 237 & 301 8th Avenue South, St. Cloud; It consists of two houses connected by a walkway. Preliminary obligation funding: \$113,000.
National Objective – Benefit to low-to-moderate income persons.
- 2009 St. Cloud Parks Department/Boys and Girls Club/Headstart – Acquisition of a single family house adjoining Raymond Park, at 406 Raymond Avenue NE., St. Cloud, the one bedroom deteriorated foreclosed house is to be demolished. The lot would be used for additional parking by the Parks Department and the Boys and Girls Club/Headstart programs. Preliminary obligation funding: \$60,000.
National Objective – Benefit to low-to-moderate income persons.
- 2010 Boys and Girls Club/Headstart – Installation of a new bus chute and parking lot improvements at 345 30th Avenue North, St. Cloud (Roosevelt School site) Boys and Girls Club/Headstart facility. Preliminary obligation funding: \$90,000.
National Objective – Benefit to low-to-moderate income persons.
- 2011 Catholic Charities Domus Transitional Housing - New construction of a four-unit facility; two 2-bedroom apartments for families with children and two 1-bedroom apartments for homeless youth without children. Preliminary obligation funding: \$145,000.
National Objective – Benefit to low-to-moderate income persons.

Background:

The HRA has requested and received four applications from area non-profit organizations for possible funding for 2009, 2010 and 2011, for the three-year capital improvement CDBG Target Non-Profit Funding. All applications are eligible for CDBG funding. We have not been advised by HUD of the amount of CDBG Entitlement funding that will be available to St. Cloud. Based on last years CDBG allocation of \$472,793 funds eligible, based on 30% for CDBG Target Non-Profit funding, would be \$141,000.

2009 Request for Funding:

The Housing Coalition has requested assistance to renovate two houses to be able to reinstall three kitchens that were removed when the houses were owned by the Central Minnesota Task Force on Battered Women. The houses are proposed to be converted from congregate housing where the families share one kitchen back to each house having two apartments each. The funding from the Minnesota Department of Human Services (DHS) that the Housing Coalition receives to run a congregate housing program may not be available in the future. The DHS has put its priorities for future funding for programs that offer more stability, and will be funding those programs utilizing apartment settings rather than congregate. 2009 funding request.

The St. Cloud Parks Department in consideration of Boys and Girls Club/Headstart program parking needs at Raymond Park is interested in obtaining CDBG assistance for the acquisition of a one bedroom foreclosed single family property that adjoins Raymond Park. The house is to be demolished. Boys and Girls Club site in 2010. It is possible that the acquisition and demolition of this property could be accomplished through the proposed regional Neighborhood Stabilization Program (NSP) that is being applied for at the Minnesota Housing Finance Agency. This is a qualified NSP activity and if the NSP program is funded any 2009 CDBG funds proposed to assist this activity could be re-designated to the 2009 Single Family Home Owner Renovation fund.

2010 Request for preliminary obligation of Funding:

The Boys and Girls Club is also interested in obtaining CDBG assistance for street (bus stop chute) and parking lot improvements at their Roosevelt School Boys and Girls Club/Headstart site in 2010.

There is some consideration being made by Congress to increase CDBG funding by an additional one billion dollars. If this stimulus funding increase does materialize the St. Cloud CDBG entitlement program funding could be increased by \$200,000 to \$300,000.

There has also been some interest by the City of St. Cloud Engineering Department to obtain funding for city street improvements. In the event that the CDBG program is awarded stimulus funds, we may be able to work with the City on street improvements. Several years back, the CDBG program had assisted qualified Low to Moderate Income families by paying for City street improvement assessments. There also may be an opportunity to assist the City with street improvements based on the census tract or block group qualifying as Low to Moderate Income.

2011 Request for Preliminary Obligation of Funding:

Catholic Charities proposal was previously selected for preliminary obligation for funding during the 2007 three year capital funding process.

We have not heard from HUD what the 2009 funding level will be. The projects being proposed to be selected for funding during the current year are required to be completed in 2009/2010.

The Target Non-Profit Fund was established as a result of members of the non-profit service provider community holding meetings in 1989, appearing before the HRA Board of Commissioners and the City Council to establish a process to receive CDBG funding. The HRA Board of Commissioners recommended to the City Council and the City Council directed that said process be implemented.

The Citizen Participation CDBG process that follows is a HUD required and approved Citizen Participation Plan. Significant components of this plan are as follows:

- 1) February - Citizen participation HRA staff meeting to obtain public input and comment on needs within St. Cloud that CDBG funding is eligible to assist. Process public notice, send mailings and emails of meeting.
- 2) February - HRA Board review of proposed CDBG activities for next year funding – Set public hearing (publish notice of public hearing) for March.
- 3) March - HRA Board public hearing regarding the proposed CDBG activities to be assisted.
- 4) March - Citizen Participation meeting to present and discuss the proposed CDBG activities. Process public notice, send mailings, and emails of meeting.
- 5) March - Publication of proposed CDBG activities (with full 30 day comment period) prior to City Council Public Hearing.
- 6) April - Set Public hearing by City Council (15 day notice published).
- 7) April/May - City Council Public Hearing on Proposed CDBG activities.
- 8) Review and identify environmental impact of proposed activities. Notify State Historical Society of proposed historical impact of project(s) and request authorization from Historical Society to do an environmental assessment of the project.
- 9) May - Request to HUD – Release of funds and notice of no significant environmental impact – 30 day publication notice.
- 10) May/June - Submit application for funding to HUD 30 day comment period.
- 11) July/August HUD – Authorization of CDBG funding.

Frequency of Request: Annually.

Related Actions: Concurrence with staff recommendation for CDBG 2009, 2010 and 2011 non-profit funding.

Future Action: To be brought back to the HRA Board of Commissioners at the February Board of Commissioners meeting as part of the 2009 CDBG application process for further review and authorization of a budget. To be recommended to City Council.

Budget Impact: There are sufficient CDBG funds projected to be available to fund the proposed 2009 project(s).

Relationship to Goals: Assist in developing a strategic plan with the City for foreclosed homes.

Relationship to City of St. Cloud, Five Year Consolidated Housing and Community Development Plan Goals: Homeless, affordable housing and community development needs.

TO: St. Cloud HRA Board of Commissioners
FROM: Louise Reis, Housing Director
DATE: January 21, 2009
SUBJECT: Approval of Section 8 Management Assessment Program Certification

Requested Action: Approval of the Section 8 Management Assessment Program Certification for fiscal year ending December 31, 2008.

Background: We are required by HUD regulations to process and have board approval for performance measures on key areas of the Section 8 Voucher Program. I have attached a copy of the Section 8 Management Assessment Program (SEMAP) Certification for your review.

Frequency of Request: Annually

Related Actions: None

Future Action: None

Relationship to Goals: Goal #5 – To take a leadership role in developing cooperative partnerships with other agencies and groups in addressing the housing market and other targeting housing.

Budget Impact: Failure to submit the certification will result in the loss of funds for the Section 8 Voucher Program.

RESOLUTION 2009- 04

**APPROVAL OF THE
SECTION 8 MANAGEMENT
ASSESSMENT PROGRAM CERTIFICATION**

WHEREAS, the Housing and Redevelopment Authority of St. Cloud administers the Housing Choice Voucher Program,

WHEREAS, the Department of Housing and Urban Development (HUD) requires Housing Authorities administering the Housing Choice Voucher Program to complete a Section 8 Management Assessment Program (SEMAP) Certification,

NOW, THEREFORE, BE IT RESOLVED, that the Section 8 Management Assessment Program (SEMAP) has been completed and accurately reflects the status of the Housing Choice Voucher Program for the fiscal year ending December 31, 2008.

Adopted this 28th day of January, 2009.

ATTEST:

Chair

Secretary

TO: HRA Board of Commissioners
FROM: Bruce Thielman, Executive Director
DATE: January 21, 2009
SUBJECT: Executive Director Report

Economic Development

Park Industries: We are continuing to work on the available options for their request at December Board meeting to consider an amendment to the development agreement. We are targeting the February meeting for this discussion. Park Industries is comfortable with this timeline.

I-94 Business Park: Cliff is working on a prospect for 40-50 acres in this park. The business is also requesting information on TIF and JOBZ. They are projecting over 100 new jobs.

Airport Business Park: A proposal for the next round of site grading is underway for March award. The grading will balance the elevation of the areas of the park that are designated for the next land sales.

Generally, the market conditions for economic development and redevelopment has slowed substantially due to the economic downturn and the credit industry changes.

Future Item:

Conversion to a Community Development Agency: This is a topic brought up during the last year, and I have information from three other HRA's that have converted. Our recent study sessions have had other timely topics which has necessitated the deferral of this information. The expectation is to include this in the next available study session.

Past Item:

Corporate Woods Land: The City has determined that in order for us to get our previously paid taxes refunded, a "tax abatement" request must be filed with the county. That request will be considered by the County, and if denied we will bring the information and options back to the HRA Board for more discussion.

Finance:

The HRA audit and tax credit projects audits are underway. In addition, we have been informed that we will have a HUD audit of our asset based project management system. We are one of the first in the region to have this audit.

Housing Department Vacancy Report – For the Month Ending December 31, 2008:

Changes have been made to reflect the new properties under Asset Property Management.

Fund: Public Housing – 291 Units			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>12/31/08</u>
Empire	89	2.04%	1
Wilson	126	1.77%	1
Scattered Sites	76	2.15%	3

Fund: Section 8 New Construction – 162 Units			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>12/31/08</u>
Germain	60	1.03%	0
Grace/NWB	102	.82%	0

Fund: Tax Credit – 249 Units			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>12/31/08</u>
Creeks	24	2.50%	1
Brownstones	12	1.10%	0
Westwood One	32	2.95%	0
Swishhelm One	32	5.64%	3
Swishhelm Two	32	2.80%	1
Westwood Two	32	3.12%	1
Riverside	85	6.77%	5

Fund: Affordable Housing – 79 Units			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>12/31/08</u>
Eastwood	18	8.13%	0
Loehr *	61	7.05%	3

* Owned by St. Cloud HRA, Managed by Catholic Charities