

**ST. LOUIS COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY**

AGENDA

**July 14, 2009
9:35 a.m.**

1. Approve minutes of March 17, 2009 meeting
2. Minnesota Assistance Council for Veterans (MACV)-Funding for Permanent Supportive and Transitional Housing (09-07)
3. Virginia Youth Foyer Project-Funding for Permanent Supportive Housing (09-08)
4. Authorization to Execute Agreement with County for Staff Services (09-09)

The project is located within the city of Duluth. In order the for St. Louis County HRA to participate in the project, the city of Duluth and the Duluth HRA need to formally authorize the County HRA to participate in a project within their boundaries.

RECOMMENDATION:

It is recommended that the HRA Board authorize the Executive Director's Designee, the Planning and Development Director, and County Attorney to negotiate a funding agreement with MACV for \$150,000 for permanent supportive and transitional housing for veterans, payable from HRA Fund 250, Agency 251001. The resolution also authorizes appropriate HRA officials to execute the funding agreement and documents related thereto.

Enclosure

cc: Ann Busche, Director PHHS
Laura DeRosier, PHHS
Steven Nelson, HRA
Barbara Russ, Assistant County Attorney

HRA RESOLUTION NO.

WHEREAS, the Minnesota Assistance Council for Veterans was allocated \$35,000 (Resolution 08-138) funding from the St. Louis County HRA for permanent supportive and transitional housing for homeless veterans; and

WHEREAS, the Minnesota Assistance Council for Veterans has requested an additional \$115,000 in funding from the St. Louis County HRA for the same project; and

WHEREAS, the St. Louis County HRA has the authority to fund projects providing decent safe and affordable housing for persons of low and moderate income; and

WHEREAS, the St. Louis County HRA has funding available for such projects.

NOW, THEREFORE, BE IT RESOLVED, the HRA authorizes the Executive Director's designee, County Planning and Development Director, and County Attorney to negotiate a \$150,000 funding agreement with the Minnesota Assistance Council for Veterans; and

RESOLVED FURTHER, that contingent upon approval from the city of Duluth and the Duluth Housing and Redevelopment Authority, the appropriate HRA officials, or their designee, and a representative of the County Attorney, are authorized to execute the funding agreement on behalf of the St. Louis County HRA, along with all the necessary documents related thereto; and

RESOLVED FURTHER, that funds will be paid from HRA Fund 250, Agency 251001.



MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
SERVING VETERANS THROUGHOUT MINNESOTA

June 8, 2009

Barbara Hayden
St. Louis County Planning and Development
100 Missabe Building
227 West 1st Street
Duluth, MN 55802-1913

Dear Ms. Hayden:

I would like to update you regarding the progress we are making on what is now known as Duluth Veterans' Place—the redevelopment of 2 blighted apartment buildings in West Duluth and to request an additional \$115,000 in support of the development from St. Louis County HRA. We believe that this funding amount will be one of the final pieces that allow us to move forward to the construction phase of the development in October.

The project has grown in scope some over the past year as more due diligence of the building uncovered both more challenges and opportunities. The current 9 unit building at 5201 Ramsey Street will become a 12 unit building with seven 1 bedroom and five efficiency apartments (11 will be permanent supportive housing and one will be an accessible, transitional unit). As originally planned, the current 4 unit building will hold transitional housing for four people on the 2nd floor and be used for program and office space for MACV on the main floor.

The buildings were acquired in May of 2008, and all but three tenants have been relocated with assistance from Duluth HRA. Design work for the development is nearly completed. A timeline for remaining work of the development is as follows:

June 2009:	Finish design work with approval from MHFA
July 2009:	Complete bidding process
Aug-Sep 2009:	Complete all requirements for construction financing closing
October 2009:	Close on construction financing and commence construction
May 2009:	Construction completed and lease-up

Attached please find a sources and uses budget for your review.

Thanks so much for your consideration and support of this worthy development. Please feel free to contact either myself or Jeff Corey of Northern Communities Land Trust if you have any questions regarding the development or this request. Jeff can be reached at (218) 727-5372.

Kindest Regards,



Kathleen Vitalis
Executive Director
Minnesota Assistance Council for Veterans
360 Robert Street North
Suite 306
St. Paul, MN 55101
651-222-0613 (work)
651-225-8491 (fax)
612.205.5001 (cell)
kvitalis@mac-v.org
www.mac-v.org

Cc: Steve Nelson, Housing Program Manager
Durbin Keeney, MACV-Duluth Regional Director

Duluth Veteran' Place				7-Jun-09
Sources		Committed	Pending	Dec. Date
MHFA	848,119	848,119		
GMHF	255,000	255,000		
HOME	391,600	391,600		
FHLB	130,000	130,000		
City of Duluth TIF Proceeds	300,000	300,000		
Home Depot/LISC	45,000	45,000		
Saint Louis County	150,000	35,000	115,000	15-Jul
Northland Vietnam Vets	12,500	10,000	2,500	30-Jun
HUD Supportive Housing Program	269,698	269,698		
Mardag Foundation	50,000	50,000		
Lloyd K. Johnson Foundation	15,000	15,000		
Wells Fargo Foundation	10,000	10,000		
Fond du Lac Vet's Committee	25,000		25,000	30-Jun-09
Other Local & Regional	15,000	15,000		
Phillips Family Foundation	50,000		50,000	30-Jul
Amsoil	5,000	5,000		
Dep. Of Veterans Affairs	134,331		134,331	30-Jul
Total	\$2,706,248	\$2,379,417	\$326,831	

Acquisition	
Land	\$ 50,000
Buildings	\$ 428,000
Total Acquisition	\$ 478,000

Construction Expenses	
Sitework	\$ 76,900
Exterior	\$ 223,400
Garage	\$ 14,000
Interior	\$ 538,825
Mechanical	\$ 313,500
Electrical	\$ 116,875
Subtotal	\$ 1,283,500

General Requirements	\$ 82,914	6.46%	% from MHFA form 402
Builder's Overhead	\$ 27,595	2.15%	% from MHFA form 402
Builder's Profit	\$ 82,914	6.46%	% from MHFA form 402

Total Construction Cost	\$ 1,476,923
--------------------------------	---------------------

Cost/Unit	\$ 92,308
-----------	-----------

Contingency	\$ 110,769	7.50%
-------------	------------	-------

Total with Contingency	\$ 1,587,693
-------------------------------	---------------------

Soft Costs			
Architect's Fee	\$ 117,200	9.13%	
Architect Design		\$ 87,900	75%
Architect Supervision		\$ 29,300	25%
Surveys and Soil Borings	\$ 5,200		
Appraisal Fee	\$ 2,500		
Environmental Assessment	\$ 6,000		
Legal	\$ 10,000		
Relocation	\$ 100,000		
Developer's Fee	\$ 170,000		
Processing Agent	\$ 10,000		
Consultant	\$ 30,000		
Replacement Reserve	\$ 25,000		
Operating Reserve	\$ 50,000		
Soft Contingency	\$ 40,905		
Total Soft Costs	\$ 566,805		

Financing Costs	
Hazard & Liability Insurance	\$ 2,500
Construction Interest	\$ 15,000
Taxes during construction	\$ 6,250
Title and Recording	\$ 15,000
CSH Interest	\$ 35,000
Total Financing Costs	\$ 73,750

TDC	\$ 2,706,248
------------	---------------------

AEOA for \$150,000 for the construction of permanent supportive housing for homeless youth, payable from HRA Fund 250, Agency 251001. The resolution also authorizes appropriate HRA officials to execute the funding agreement and documents related thereto.

Enclosure

cc: Ann Busche, Director PHHS
Laura DeRosier, PHHS
Steven Nelson, HRA
Barbara Russ, Assistant County Attorney

HRA RESOLUTION NO.

WHEREAS, the Arrowhead Economic Opportunity Agency, Inc has requested \$150,000 in capital funding from the St. Louis County HRA for the Youth Foyer Project, a 15 unit permanent supportive housing project for homeless youth; and

WHEREAS, the St. Louis County HRA has the authority to fund projects providing decent safe and affordable housing for persons of low and moderate income; and

WHEREAS, the St. Louis County HRA has funding available for such projects.

NOW, THEREFORE, BE IT RESOLVED, the HRA authorizes the Executive Director's designee, County Planning and Development Director, and County Attorney to negotiate a \$150,000 funding agreement with the Arrowhead Economic Opportunity Agency, Inc; and

RESOLVED FURTHER, that contingent upon approval from the city of Virginia and the Virginia Housing and Redevelopment Authority, the appropriate HRA officials, or their designee, and a representative of the County Attorney, are authorized to execute the funding agreement on behalf of the St. Louis County HRA, along with all the necessary documents related thereto; and

RESOLVED FURTHER, that funds will be paid from HRA Fund 250, Agency 251001.



May 27, 2009

Barbara Hayden, Director
St. Louis County Planning and Development
100 Missabe Building
227 West Superior Street
Duluth, MN 55802-1913

Barbara Hayden:

The Arrowhead Economic Opportunity Agency (AEOA) is seeking \$150,000 in capital support from St. Louis County Housing and Redevelopment Authority (HRA) for the construction of the Virginia Youth Foyer; a permanent supportive housing project for homeless youth ages 16-21. The Foyer will be a fifteen-unit building with thirteen single room units or efficiency and two 2-bedroom units for parenting youth. The overall goal of the AEOA Foyer is to help disadvantaged youth become self-sufficient and successfully transition to adulthood.

The Minnesota Housing Finance Agency (MHFA) ranked the Virginia Youth Foyer project number one in the State of Minnesota during the 2008 Tax Credit Award process. In addition, this project is noted as a priority in the Heading Home St. Louis County Ten Year Plan to End Homelessness, as housing and supportive for homeless youth in Northern St. Louis County is very limited. AEOA is currently working with MHFA to secure dollars through the federal Tax Credit Reinvestment program and has secured funds from a diverse range of funding sources. The agency anticipates that construction of the Foyer will begin this fall (2009) and occupancy will begin in the summer of 2010. AEOA is the developer, as well as the future owner and operator of the Virginia Youth Foyer.

St. Louis County's contribution to this project is greatly needed and would help move AEOA closer to fulfilling the capital requirements of the Virginia Youth Foyer project. The agency is deeply committed to providing homeless youth with a local, safe, housing option that will provide them with the tools, education, and opportunity to become successful adults and productive citizens in our local community.

Thank you for your time and consideration of this request. Please contact me at 218-748-7321 with any questions you may have.

Thank you,

Harlan Tardy
AEOA Executive Director

CC: Steve Nelson, 702 Third Avenue South, Virginia, Minnesota 55792-2797
(218) 749-2913, (800) 662-5711, FAX: (218) 749-2944 TDD: (800) 862-0175
St. Louis County Planning and Development

Equal Opportunity Employer and Affirmative Action Agency



**AEOA Virginia Youth Foyer
Project Profile
May 18, 2009**

Foyer Project Summary

The Arrowhead Economic Opportunity Agency (AEOA) Virginia Youth Foyer is a collaboratively planned and designed permanent supportive housing project for homeless and at-risk youth ages 16-21. The Foyer will be a 15-unit building with 13 single-room/efficiency units and two 2-bedroom units for parenting youth. The building complex will be located in the 300 block of 12th street in the Southside neighborhood of Virginia. The overall goal of the AEOA Foyer is to help disadvantaged youth become self-sufficient and successfully transition to adulthood. The Foyer will offer on-site services such as education and employment training. Each young person will work with a supportive service Youth Counselor to develop and implement a living plan that fosters independence, self-sufficiency, self-esteem, and opportunities for personal growth. This project will respond to the numbers of homeless youth that AEOA and Range Mental Health Center Youth Counselor's are currently serving that are in need of safe, decent housing. Over the last year (May 2008 – April 2009), the two Youth Counselors provided case management to 61 homeless youth in northern St. Louis County.

Characteristics of the Virginia Youth Foyer

- Permanent housing with on-site support
- Education, job training, employment, and retention highlighted: Adult Basic Education (ABE) classroom on-site and special emphasis on workforce readiness
- Participants work with Youth Counselors to develop individually tailored goal plans focused on a successful transition to independence
- Foyer program works within the community to build partnerships to benefit youth, focusing on employers, neighborhood, community service groups, human service agencies, parenting and child development providers, and the like

Foyer Planning & Current Status

Brief History

Virginia Youth Foyer project's design is the culmination of four years of planning among various local providers serving homeless youth. In 2007, AEOA collaborated with the City of Virginia to locate a site for the Youth Foyer. Together, the parties chose a site near a neighborhood located in the Southside of Virginia. An Option Agreement was entered into between the City and AEOA, securing the agency's right to property purchase. As the process continued, resistance to the affordable housing project organized and grew. AEOA Foyer project staff continued to publicize project information and create opportunities for dialogue with concerned parties. However, the Virginia City Council voted to rescind on the option agreement with AEOA in 2008. Fortunately, AEOA and the City participated in a successful

mediation process that resulted in the establishment of a settlement agreement that included the transfer of land and steps that will facilitate the successful completion of the project.

Current Status

Currently, AEOA has been working with the City of Virginia to move forward with site preparations. City engineering has begun working on the site and has expended approximately 50% of the Community Development Block Grant (CDBG) funds that were awarded in 2008 for infrastructure improvements in preparation for the Youth Foyer. The City is committed to completing site work in the summer of 2009; it is anticipated that site preparations could be complete by August 1, 2009. On Tuesday, May 12th the Virginia City Council approved a request for the City to go out on public bid to complete Foyer site preparations.

City staff and AEOA representatives meet on a weekly basis to check in on project progress and share information vital to successful project completion. It is anticipated that AEOA will be able to begin construction by September, 2009 with occupation potentially taking place in July, 2010.

Project Budget

Virginia Youth Foyer Budget		
<i>May, 2009</i>		
Development Costs:		
Acquisition	101.00	
Construction	1,468,265.00	
Professional Fees (Architect, Environmental, Legal, etc.)	288,685.00	
Developer Fee	235,805.00	
Tax Credit Syndication/Financing Costs	167,400.00	
Total Development Costs	\$2,160,256.00	
Sources of Support		
AEOA	150,000.00	<i>Committed</i>
Tax Credit Proceeds - Conversion to Recovery Act funds	1,244,757.00	<i>Tax credits awarded - conversion pending</i>
Northeast HOME Consortium - FY07 Funds	100,000.00	<i>Committed</i>
Federal Home Loan Bank	225,000.00	<i>Committed</i>
Greater Minnesota Housing Fund (June 2007 MHFA Application)	206,886.00	<i>Committed</i>
Open Your Hearts to the Hungry & Homeless	10,000.00	<i>Committed</i>
US Bancorp Foundation	10,000.00	<i>Pending</i>
Cleveland Cliffs	5,000.00	<i>Committed</i>
Duluth Superior Area Community Foundation & other local foundations	8,613.00	<i>Applying May/June 2009</i>
Mardag Foundation	50,000.00	<i>Pending</i>
St. Louis County HRA	150,000.00	
Total Sources:	\$2,160,256.00	
Funding Gap	\$0.00	

Project Timeline

Phases/Tasks	2009						2010			
	May	June	July	August	September	October - May 2010	June	July	August	
Pre-construction Phase										
Site preparation completed (City of Virginia)										
Public bidding process - Foyer										
Optimal bid approved - Foyer										
Foyer Construction Phase										
Occupancy Phase										
(Foyer is ready to accept tenants)										

HRA BOARD LETTER NO. 09-09

DATE: July 14, 2009

RE: Execute a Contract with St. Louis
County to Provide Staffing Services

FROM: Kevin Z. Gray
County Administrator/HRA Executive Director

Barbara Hayden
Planning and Development Director

The St. Louis County Housing and Redevelopment Authority (HRA) authorized the Executive Director to negotiate an agreement with St. Louis County transferring all staff responsibilities from the HRA to St. Louis County (HRA Reso. 09-06). An agreement has been negotiated.

The HRA currently has one staff, who is housed in the Planning and Development Department. The Planning and Development Director provides oversight of the HRA.

Having separate payroll, benefits and hiring processes for one or two HRA employees is not efficient and does not provide adequate accounting controls. The HRA can purchase services from St. Louis County similar to the way it purchases services from the County Attorney. The HRA has the option of terminating the professional services agreement and hiring staff at a future date.

It is recommended that the HRA authorize the Executive Director to terminate all administrative agreements prior to January 6, 2009, and to execute an agreement with St. Louis County transferring all staff responsibilities from the HRA to the St. Louis County Planning and Development Department by January 1, 2010.

cc: Steve Nelson, Community Development-Virginia
Barbara Russ, Assistant County Attorney
Martha Watson, St. Louis County Director of Employee Relations
Jill Berg, St. Louis County Auditor-Virginia

HRA RESOLUTION NO. _____

WHEREAS, the St. Louis County HRA and St. Louis County have negotiated an agreement transferring all staff responsibilities from the St. Louis County HRA to the St. Louis County Planning and Development Department.

NOW, THEREFORE, BE IT RESOLVED, the HRA Board hereby authorizes the Executive Director to execute a contract with St. Louis County to transfer all staff responsibilities from the St. Louis County HRA to the St. Louis County Planning and Development Department by January 1, 2010; and

BE IT FURTHER RESOLVED, that the HRA Board terminates all administrative agreements prior to January 6, 2009; and

BE IT FURTHER RESOLVED, that St. Louis County will be reimbursed for all direct costs of administering St. Louis County HRA activities; and

BE IT FURTHER RESOLVED, that St. Louis County will comply with the HRA adopted budget and provide an annual report which reflects charges to the HRA.

ST. LOUIS COUNTY HOUSING AND REDEVELOPMENT AUTHORITY (HRA)

Tuesday, March 17, 2009

The St. Louis County Housing and Redevelopment Authority (HRA) meeting was called to order at 10:02 a.m. in the County Boardroom, 2nd Floor, Courthouse, Duluth, MN, with the following members present: Commissioner Dennis Fink, Commissioner Steve O'Neil, Commissioner Chris Dahlberg; Commissioner Mike Forsman, Commissioner Keith Nelson and Commissioner Steve Raukar, Chair - 6. Absent: Commissioner Peg Sweeney - 1.

Commissioner Nelson, supported by Commissioner O'Neil, moved to approve the minutes from the January 6, 2009, HRA meeting; six yeas, zero nays.

Commissioner Nelson, supported by Commissioner O'Neil, moved to approve the 2008-2009 HRA pay plan. Barbara Hayden, Planning Director, said the contract is consistent with the Civil Service Supervisory Bargaining Unit agreement; six yeas, zero nays.

HRA RESOLUTION NO. 144

RESOLVED, the HRA Board hereby adopts the salary rate increase of 2 percent for the HRA staff pay plans retroactive to the first pay period of 2008, 2 percent for the 2009 payroll year, and an additional 1.5 percent effective with the 14th payroll period of 2009.

BE IT FURTHER RESOLVED, that the HRA pay plan will adopt the "Self-Insured Medical Plan Funding" employee contributions agreed to in the 2008-2009 St. Louis County Civil Service Supervisory Unit agreement retroactive to January 1, 2008.

Yeas: Commissioners Fink, O'Neil, Dahlberg, Forsman, Nelson and Chair Raukar - 6

Nays: None

Absent: Commissioner Sweeney - 1

Commissioner Forsman, supported by Commissioner Nelson, moved to authorize the HRA Executive Director to negotiate an agreement by June 1, 2009 with St. Louis County to transfer all staff responsibilities from HRA to the Planning Department, with implementation to follow. Planning Director Hayden said HRA currently has one staff person housed in the Planning Department and separate payroll, benefits plan and hiring processes are not efficient; six yeas, zero nays.

HRA RESOLUTION NO. 145

RESOLVED, the HRA Board hereby authorizes the Executive Director to enter negotiations with St. Louis County to reach an agreement transferring all staff responsibilities from the St. Louis County HRA to the St. Louis County Planning and Development Department by June 1, 2009, with implementation to follow.

Yeas: Commissioners Fink, O'Neil, Dahlberg, Forsman, Nelson and Chair Raukar - 6

Nays: None

Absent: Commissioner Sweeney - 1

At 10:07 a.m., Commissioner Forsman, supported by Commissioner Nelson, moved to adjourn the HRA meeting; six yeas, zero nays.

Steve Raukar, Chair of the St. Louis County HRA

Paul L. Tynjala, Deputy Auditor/Clerk of County Board