

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

**AGENDA**

**September 7, 2010  
9:35 a.m.**

1. Approve minutes of January 12, 2010 meeting.
2. HRA 2011 Budget and Property Tax Levy.
3. Meadowlands Manor HRA Loan.
4. HRA Project Update – *for informational purposes only*

## ST. LOUIS COUNTY HOUSING AND REDEVELOPMENT AUTHORITY (HRA)

Tuesday, January 12, 2010

The St. Louis County Housing and Redevelopment Authority (HRA) meeting was called to order at 9:50 a.m., by Chair Raukar in the County Boardroom, 2<sup>nd</sup> Floor, Courthouse, Duluth, MN, with the following members present: Commissioner Dennis Fink, Commissioner Steve O'Neil, Commissioner Chris Dahlberg, Commissioner Mike Forsman, Commissioner Peg Sweeney, Commissioner Keith Nelson and Commissioner Steve Raukar, Chair - 7. Absent - None.

Commissioner Nelson, supported by Commissioner O'Neil, moved to approve the minutes from the January 5, 2010 HRA meeting; seven yeas, zero nays.

At 9:51 a.m., Commissioner Fink left the HRA meeting.

Commissioner O'Neil, supported by Commissioner Nelson, moved to approve transfer of \$300,000 from HRA Fund Balance to the 2010 HRA Budget to fund Minnesota Assistance for Veterans (MACV) Services for permanent and supportive housing and the Arrowhead Economic Opportunity Agency (AEOA) for the Virginia Youth Foyer Project. Kevin Gray, County Administrator and HRA Executive Director, explained the transfer. Commissioner Forsman asked for a division of the question with the each project voted on separately: MACV Services portion; six yeas, zero nays; AEOA portion; five yeas, one nay, Commissioner Forsman. (Commissioner Fink absent for both votes)

### HRA RESOLUTION NO. 153

**WHEREAS**, the St. Louis County HRA Board, on July 14, 2009, approved resolution 2009-146, \$150,000 HRA funding for the Minnesota Assistance Council for Veterans Services for permanent and supportive housing and resolution 2009-147, \$150,000 in funding with Arrowhead Economic Opportunity Agency for the Virginia Youth Foyer Project; and

**WHEREAS**, the HRA currently has a fund balance of over \$850,000.

**NOW, THEREFORE, BE IT RESOLVED**, the HRA Board authorizes transfer of \$300,000 HRA fund balance to HRA Fund 250, Agency 251003, to fund Minnesota Assistance Council for Veterans Services for permanent and supportive housing and the Arrowhead Economic Opportunity Agency for the Virginia Youth Foyer Project.

Division of the question.

Minnesota Assistance Council for Veterans Services funding:

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

Nays: None

Absent: Commissioner Fink - 1

Arrowhead Economic Opportunity Agency funding:

Yeas: Commissioners O'Neil, Dahlberg, Sweeney, Nelson and Chair Raukar - 5

Nays: Commissioner Forsman

Absent: Commissioner Fink.

At 9:53 a.m., Commissioner Nelson, supported by Commissioner Sweeney, moved to adjourn the HRA meeting; six yeas, zero nays.

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Steve Raukar, Chair of the St. Louis County HRA

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

# HRA BOARD LETTER NO. 10-06

**DATE:** September 7, 2010                      **RE:** HRA 2011 Budget and Property  
Tax Levy

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

Barbara Hayden  
Planning and Development Director

**GOAL:**

Expanding affordable housing opportunities, maximizing financial resources, and promoting strategies that result in an expanded tax base.

**ACTION REQUESTED:**

The St. Louis County Housing and Redevelopment Authority (HRA) Board is requested to adopt the 2011 budget and to certify the maximum proposed property tax levy for 2011.

**BACKGROUND:**

Minn. Stat. § 275.065 requires all special taxing districts to certify a proposed property tax levy to the county auditor on or before September 15, 2010. The HRA has exercised the authority to levy since 1990. The HRA tax levy for 2011 is proposed at a 1.013 percent increase over 2010, \$204,824. The maximum levy amount for the St. Louis County HRA is approximately \$1 million. Ten cities which have their own HRA are excluded from this levy.

The proposed 2011 HRA budget is \$353,549. The current undesignated fund balance for the HRA is approximately \$560,000. The HRA loan receivables are \$125,000. The HRA contracts with St. Louis County for staff services.

The 2011 HRA goals and objectives include expanding affordable housing opportunities, maximizing financial resources, and promoting strategies that result in an expanded tax base. The HRA area of operation and the proposed 2011 HRA budget are attached.

**RECOMMENDATION:**

It is recommended the HRA Board of Commissioners adopt the attached resolution approving the 2011 budget and certifying the property tax levy for 2011 in the amount of \$204,824. It is further recommended that the St. Louis County Board of Commissioners be requested to certify the 2011 HRA levy in the amount of \$204,824.

Enclosures

cc: Barbara Russ, Assistant St. Louis County Attorney  
Jill Berg, St. Louis County Auditor's Office

**RESOLUTION NO.** \_\_\_\_\_

**BY COMMISSIONER** \_\_\_\_\_

**WHEREAS**, the St. Louis County Housing and Redevelopment Authority (“HRA”) has reviewed the proposed 2011 budget and proposed 2011 levy.

**NOW, THEREFORE, BE IT RESOLVED**, the HRA Board does hereby approve the HRA 2011 budget in the amount of \$353,549; and

**RESOLVED FURTHER**, the HRA Board certifies the 2011 levy for the HRA in the amount of \$204,824 and recommends that the St. Louis County Board of Commissioners certify the levy at this amount.

# ***HOUSING AND REDEVELOPMENT AUTHORITY***

*Kevin Z. Gray, Executive Director*

## **MISSION**

The St. Louis County Housing and Redevelopment Authority mission is to provide strategic development resources that augment county housing, community development and economic development activities.

## **HRA ACTIVITIES**

The HRA supports activities of the St. Louis County Planning Department Community Development Division. The Community Development Division and the HRA facilitate county initiatives involving affordable housing, community development and economic development.

## **GOAL**

Expand and diversify the county's economic base and improve the housing stock

## **Performance Measurements**

<b>OBJECTIVES</b>	<b>OUTCOME</b>
Expand Affordable Housing Opportunities	Use federal and HRA funds to expand single family homeowner programs, initiate development of multifamily rental programs, and support local affordable housing development projects
Maximize Financial Resources	Work with communities to secure state and federal resources for housing and economic development projects
Promote Strategies That Result in an Expanded Tax Base	Work with communities and county departments to develop programs that result in a re-use of blighted and tax-forfeit properties for affordable housing development

**HRA  
FUND 250 BUDGET**

Code	Description	2007 Budget	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Forecast
251000	HRA Administration	93,207.23	76,527.00	78,822.00	110,000.00		
	Personnel Services		49,550.00	59,600.00	52,195.00	163,549.00	167,487.00
	Operating	88,250.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
	Intra-County Expenses		150,000.00	150,000.00	150,000.00	150,000.00	150,000.00
	Other Charges-Hsg Activities	150,000.00	316,077.00	328,422.00	352,195.00	353,549.00	357,487.00
	<b>Total</b>	<b>331,457.23</b>					

**HRA REVENUES**

Code	Description	2007 Budget	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Forecast
251001	HRA Revenue		192,150.00	199,600.00	202,195.00	204,824.00	207,487.00
	Certified levy	187,011.00					

## **OTHER HOUSING AND REDEVELOPMENT AUTHORITIES IN ST. LOUIS COUNTY**

The following communities have an established HRA. These communities are not included in the St. Louis County HRA levy or service area.

1. Duluth
2. Hibbing
3. Virginia
4. Cook
5. Gilbert
6. Eveleth
7. Ely
8. Chisholm
9. Mt. Iron
10. Aurora

## **ST. LOUIS COUNTY LEVY HISTORY**

HRA established in October 1988

Levy:	1990	\$ 10,000
	1991	\$ 113,000
	1992	\$ 116,390
	1993	\$ 186,000
	1994	\$ 175,000
	1995	\$ 175,000
	1996	\$ 170,526
	1997	\$ 165,798
	1998	\$ 162,366
	1999	\$ 162,366
	2000	\$ 162,366
	2001	\$ 162,366
	2002	\$ 178,000
	2003	\$ 178,000
	2004	\$ 178,000
	2005	\$ 178,000
	2006	\$ 182,450
	2007	\$ 187,011
	2008	\$ 192,500
	2009	\$ 199,600
	2010	\$ 202,195

# HRA BOARD LETTER NO. 10-07

**DATE:** September 7, 2010 **RE:** Meadowlands Manor HRA Loan

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

Barbara Hayden  
Planning and Development Director

**GOAL:**

Expanding affordable housing opportunities, maximizing financial resources, and promoting strategies that result in an expanded tax base.

**ACTION REQUESTED:**

The St. Louis County Housing and Redevelopment Authority (HRA) Board is requested to modify the repayment terms of the existing loan to the Meadowlands Affordable Housing Limited Partnership (Partnership). The loan assisted with development of 12 units of affordable rental housing for the elderly known as Meadowlands Manor.

**BACKGROUND:**

The St. Louis County HRA provided a loan of \$125,000 to the Meadowlands Affordable Housing Limited Partnership to assist with construction of 12 units of elderly affordable rental housing in the city of Meadowlands. The loan was made on December 3, 1993 and is secured by a mortgage on the real estate. The HRA Board Resolutions No. 92-27 and No. 93-42 are attached.

Terms of the loan note require interest to accrue at 2.33% for 30 years. For the first 15 years between December 3, 1993 and December 3, 2008, the interest is capitalized annually and no repayment is required. Beginning December 3, 2009, interest payments of \$4,114.44 are required annually. A final payment of interest and principal is due (\$180,699.77) on December 3, 2023.

Primary project financing came from tax credits awarded by the Minnesota Housing Finance Agency. The Meadowlands Affordable Housing Limited Partnership was created to receive the tax credits and is made up of the following two entities:

- General Partner: Toivola-Meadowlands Development Board (T-M Development)
- Limited Partner: Upper Minnesota Properties, Inc. (UMPI - Minnesota Power subsidiary)

UMPI purchased the tax credits to provide the partnership equity investment of \$377,000.

The property is owned and managed by the T-M Development Board and leased to the Partnership. Additional funding was secured from the Minnesota Housing Finance Agency, Federal Home Loan Bank, Iron Range Resources, and the First State Bank of Floodwood.

The project has reached the end of its 15-year tax credit compliance period, annual HRA loan payments are required, and the Partnership is going through reorganization. While the project is profitable and well maintained, requiring repayment of the HRA loan would place burden on the project's operating budget and necessary maintenance reserves. Repayment could result in loss of these affordable housing units. An extension on the HRA repayment was granted in November 2009, to June 2010, to allow the board to meet with funding partners.

The T-M Development Board, as general partner of the Partnership, requests that the principal and accrued interest on the HRA loan be deferred for the remaining 15 years of the original loan. At the end of the second 15-year term, the HRA loan and all accrued interest would be forgiven provided the Partnership has maintained Meadowlands Manor in conformance with the note and mortgage. The note and mortgage would then be satisfied and all affordability requirements deemed met.

Modification of the HRA loan terms is consistent with recent HRA deferred loan funding provided to the Minnesota Assistance Council for Veterans (MACV) – Duluth Veterans Place and the Arrowhead Economic Opportunity Agency (AEOA) – Virginia Youth Foyer.

**RECOMMENDATION:**

It is recommended the HRA Board of Commissioners adopt the attached resolution approving modification of the Meadowlands Affordable Housing Limited Partnership note and mortgage.

Enclosures

cc: Barbara Russ, Assistant St. Louis County Attorney  
Jill Berg, St. Louis County Auditor

**RESOLUTION NO.** \_\_\_\_\_

**BY COMMISSIONER** \_\_\_\_\_

**WHEREAS**, the St. Louis County Housing and Redevelopment Authority (“HRA”) provided a loan of \$125,000 to the Meadowlands Affordable Housing Limited Partnership (Partnership) for development of 12 units of affordable rental housing for the elderly known as Meadowlands Manor; and

**WHEREAS**, the original terms of the note and mortgage securing this assistance require annual repayments to the HRA by the Partnership to begin in 2009; and

**WHEREAS**, the Meadowlands Manor units will continue to be maintained as affordable rental housing, and the HRA loan repayment would place financial burden on the operating budget and maintenance reserves for the project;

**NOW, THEREFORE, BE IT RESOLVED**, the HRA Board does hereby approve modification of the terms of the HRA loan to the Partnership as follows: the principal and accrued interest of the HRA loan will be deferred for the remaining 15 years of the original loan which ends December 3, 2023. At the end of the second 15-year term, the HRA loan and all accrued interest will be forgiven provided the Meadowlands Affordable Housing Limited Partnership has maintained Meadowlands Manor as affordable rental housing in conformance with the note and mortgage. The note and mortgage will then be satisfied and all affordability requirements will be deemed met.

Toivola Meadowlands Development Board  
Meadowlands Affordable Housing LTD Partnership  
P.O. Box 45  
Meadowlands, MN 55765

Monday  
August 30, 2010

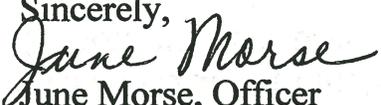
Ms. Barbara Hayden, Director  
St. Louis County Planning and Development  
100 Missabe Building  
227 West 1st Street  
Duluth, MN 55802-1913

Dear Ms. Hayden:

We are writing with regard to the economic development loan that was received from the St. Louis County HRA in December of 1993 by the Meadowlands Affordable Housing Limited Partnership for the Meadowlands Manor. We have been discussing possible options with regard to this loan as a Board and with assistance from Steve Nelson of your staff since the fall of 2009.

As a result of these discussions, the Toivola Meadowlands Development Board, as the General Partner representing Meadowlands Affordable Housing Limited Partnership, would like to request the deferral of both the interest and principal payments for the remaining 15 years of the original loan and as well, the forgiveness of the entire loan principal and interest at the end of this term. In return, the Toivola Meadowlands Development Board agrees to maintain Meadowlands Manor as affordable rental housing oriented primarily towards the elderly. We believe such deferral and forgiveness of this loan would be a critical aid to enabling Meadowlands Manor to remain a viable option for affordable living in our area.

We thank you in advance for your kind consideration of our request.

Sincerely,  
  
June Morse, Officer  
Toivola Meadowlands Development Board

RECEIVED  
SEP 01 2010  
By: \_\_\_\_\_



**Resolution  
of the  
Board of the Housing Redevelopment Authority  
St. Louis County**

Date Adopted November 24, 1992 Resolution No. 27

Offered By Commissioner Raukar

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WHEREAS, the St. Louis County HRA is intent upon providing elderly housing opportunities for the citizens of rural St. Louis County; and

WHEREAS, Upper Minnesota Properties and the Toivola Meadowlands Development Corporation are developing an elderly housing project for the rural Meadowlands area and have requested assistance of the St. Louis County HRA;

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County HRA Board does hereby authorize the use of \$75,000 as a loan to provide gap financing for an elderly housing project to the Upper Minnesota Properties/Toivola Meadowlands Development Corporation, at terms of 2.33% interest, for 15 years, with a review each 5 years, payable upon satisfaction of the mortgage or sale of the building property, and does amend the 1992 HRA Budget Resolution to reflect this expenditure, by transferring funds from the Salary and Benefits line item to the Upper Minnesota Properties Loan Contract;

BE IT FURTHER RESOLVED, that the HRA Board does hereby request the St. Louis County Attorney's Office to prepare the appropriate contracts between the County HRA and the Upper Minnesota Properties Corporation authorizing this loan.

Commissioner Raukar moved the adoption of the Resolution and it was declared adopted upon the following vote:

Yeas - Commissioners Mattson, Krueger, Kron, Lamppa, Lepak, Raukar and Chair Prebich - 7

Nays - none

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STATE OF MINNESOTA  
Office of County Auditor. ss.  
County of St. Louis

I, RUSSELL PETERSEN, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 24th day of Nov A.D. 1992, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 24th day of November A.D. 1992.

RUSSELL PETERSEN, County Auditor.

By *Karen Eickman*  
Clerk of County Board



Resolution  
of the  
St. Louis County

Housing and Redevelopment Authority

Date Adopted October 19, 1993 Resolution No. 42

Offered by Commissioner Raukar

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WHEREAS, the St. Louis County H.R.A. is supportive of development of housing for elderly and low income residents throughout St. Louis County; and

WHEREAS, the Toivola Meadowlands Development Corp. and Upper Midwest Properties, Inc. have requested a loan of \$125,000 for the purposes of partial financing of a 12-unit elderly apartment complex in the Meadowlands area;

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County H.R.A. Board of Commissioners does hereby amend Resolution No. 27, to increase from \$75,000 to \$125,000 with the terms to be at an interest rate of 2.3% annually with all payments deferred through the 15th year, at which time the interest upon the original principal plus all deferred interest amounting to approximately \$169,000 will be paid annually to the H.R.A., with a balloon payment at the end of the 30th year of all outstanding principal and interest.

Commissioner Raukar moved the adoption of the Resolution and it was declared adopted upon the following vote: Yeas: Commissioners Mattson, Krueger, Kron, Lamppa, Lepak, Raukar and Chair Prebich - 7

Nays: none

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STATE OF MINNESOTA  
Office of County Auditor. SS.  
County of St. Louis

I, GORDON D. MCFAUL, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 19th day of October A.D. 19 93, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 19th day of October A.D. 19 93

GORDON D. MCFAUL, County Auditor.

By *Karen Erickson*  
Clerk of H.R.A.



# Saint Louis County

Planning and Development Department • 100 Missabe Building, 227 West First Street  
Duluth, MN 55802 • Phone: (218) 725-5000 • Fax: (218) 725-5029  
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**Barbara Hayden**  
Director

TO: St. Louis County HRA Commissioners

FROM: Barbara Hayden, Planning and Development Director

DATE: September 7, 2010

RE: St. Louis County HRA Housing Project Update

## ***FOR INFORMATIONAL PURPOSES ONLY***

### **Ely HRA – Northwoods Townhomes**

The Ely HRA, city of Ely, St. Louis County HRA and St. Louis County in 2006 worked in partnership to finance construction of the Northwoods Townhomes in Ely. Primary financing was obtained through bonds issued by the Ely HRA. The pledge of general obligation by St. Louis County provides additional security for the bonds and the city of Ely indemnifies St. Louis County for payment of a portion of principal of the bonds, plus accrued interest. Northwoods is made up of 26 one- and two-bedroom townhome units. The units are single-level with detached garages arranged on property adjacent to additional units owned and operated by the Ely HRA. Construction was completed in June of 2007.

Northwoods occupancy has been generally strong but has been affected by decline in the housing market. Many tenants come from the Ely/Babbitt area when elderly home owners sell their homes and relocate to Northwoods. Lengthened sales times for existing homes affects these potential tenants, and the Ely HRA has a current waiting list of persons in this situation. At present, there are three vacant units, and the Ely HRA is actively marketing these units. An open house held in August was attended by approximately 20 persons. While the vacancies do impact financial projections, cash flow and reserves for the project has been sufficient to meet financial obligations. The Ely HRA is also expanding its advertising efforts to fill these three units.

### **Minnesota Assistance Council for Veterans (MACV) – Duluth Veterans' Place**

The St. Louis County HRA provided a \$150,000 deferred loan to the Minnesota Assistance Council for Veterans to assist with creation of the Duluth Veterans' Place. The project involves rehabilitation of two apartment buildings in Duluth's Ramsey neighborhood. The rehabilitation will create sixteen units of housing for low income veterans. Duluth Veterans' Place will also include on-site office space for MACV staff who will help veterans gain employment, health services, education, and transportation. MACV will provide ongoing supportive services through a renewable contract with the MN Department of Veterans Affairs.

Rehabilitation is currently in process with project reporting and payment request submission as requested. MACV reports the project is on time and on budget. Completion of rehabilitation and initial occupancy is anticipated for early 2011.

### **Arrowhead Economic Opportunity Agency (AEOA) – Virginia Youth Foyer**

The St. Louis County HRA provided a \$150,000 deferred loan to the Arrowhead Economic Opportunity Agency to assist with creation of the Virginia Youth Foyer. The project involves new construction of 15 rental units for homeless youth in Virginia. Construction is complete and 6 units are currently occupied. An open house is scheduled for September 8, 2010.