

HENNEPIN COUNTY

MINNESOTA

FINAL BOARD AGENDA

HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

TUESDAY, JULY 9, 2024

1:30 PM

Chair: Angela Conley, District 4

Vice Chair: Kevin Anderson, District 7

Members: Jeff Lunde, District 1

Irene Fernando, District 2

Marion Greene, District 3

Debbie Goettel, District 5

Heather Edelson, District 6

1. **Approval of the Agenda**

2. **Minutes from Previous Meeting**

2.A. June 11, 2024 Minutes

Attachments: [HRA-BOARD.MINUTES-11-Jun-2024](#)

3. **Claims Register**

3.A. [24-HCHRA-0023](#)

Claims Register for the period ending June 30, 2024

Attachments: [Claims Register ending 6 30 24](#)

4. **New Business**

4.A. [24-HCHRA-0024](#)

Neg Assignment, Assumption and Amendment of Agreements A15931 and A081848, approving the transfer of ownership of property to Trellis Co., no change to NTE

4.B. [24-HCHRA-0025](#)

Neg Agmts PR00006436 with Trellis Co. and PR00006435 with American Indian Community Development Corporation for 30-year forgivable acquisition loans, 07/10/24-12/31/59, total combined NTE \$1,300,000

HENNEPIN COUNTY

300 South Sixth Street
Minneapolis, MN
55487-0240

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Board Action Request

TMP-1236

Item Description:
June 11, 2024 Minutes

HENNEPIN COUNTY

MINNESOTA

BOARD MINUTES

HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
TUESDAY, JUNE 11, 2024
1:30 PM

Chair: Angela Conley, District 4
Vice Chair: Kevin Anderson, District 7
Members: Jeff Lunde, District 1
Irene Fernando, District 2
Marion Greene, District 3
Debbie Goettel, District 5
Heather Edelson, District 6

Commissioner Angela Conley, Chair, called the meeting of the Hennepin County Housing and Redevelopment Authority for Tuesday, June 11, 2024 to order at 3:56 p.m.

Present Chairperson Angela Conley, Irene Fernando, Jeff Lunde, Debbie Goettel, Vice Chair Kevin Anderson, Marion Greene, and Chairperson Heather Edelson

1. Approval of the Agenda

APPROVE

Debbie Goettel moved, seconded by Vice Chair Kevin Anderson, to approve the Agenda.

Aye Chairperson Conley Fernando Lunde Goettel Vice Chair Anderson Edelson

Absent Greene

2. Minutes from Previous Meeting

2.A. 5/7/24 Hennepin County Housing and Redevelopment Authority Minutes

APPROVE

Vice Chair Kevin Anderson moved, seconded by Irene Fernando, to approve the Minutes.

Aye Chairperson Conley Fernando Lunde Goettel Vice Chair Anderson Edelson

Absent Greene

3. Claims Register

3.A. [24-HCHRA-0018](#)

Claims Register for the period ending May 31, 2024

APPROVE/RATIFY

Vice Chair Kevin Anderson moved, seconded by Heather Edelson, to approve/ratify the resolution.

Aye Chairperson Conley Fernando Lunde Goettel Vice Chair Anderson
Greene Edelson

4. New Business

4.A. [24-HCHRA-0019](#)

Neg Agmts A2412366 with Trellis Co and A2412367 with American Indian Community Development Corporation, for the sale of surplus vacant property in Minneapolis, \$1,300,000 (est. combined recv)

ADOPT

Chairperson Angela Conley moved, seconded by Irene Fernando, to adopt the resolution.

Aye Chairperson Conley Fernando Lunde Goettel Vice Chair Anderson
Greene Edelson

4.B. [24-HCHRA-0020](#)

Neg Amd 2 to 4 predevelopment consulting agmts to continue providing predevelopment assistance to eligible emerging local developers; no change to contract term or amount

ADOPT

Irene Fernando moved, seconded by Vice Chair Kevin Anderson, to adopt the resolution.

Aye Chairperson Conley Fernando Lunde Goettel Vice Chair Anderson
Greene Edelson

4.C. [24-HCHRA-0021](#)

Neg 4 TOD Amds to Agmts, extending the contract end dates, with no change to the NTE amounts

ADOPT

Debbie Goettel moved, seconded by Vice Chair Kevin Anderson, to adopt the resolution.

Aye Chairperson Conley Fernando Lunde Goettel Vice Chair Anderson
Greene Edelson

4.D. [24-HCHRA-0022](#)

2024 TOC funding recommendations - neg 7 2024 award agmts, 06/12/24-12/31/26, NTE \$3,495,000

ADOPT

Marion Greene moved, seconded by Jeff Lunde, to adopt the resolution.

Aye Chairperson Conley Fernando Lunde Goettel Vice Chair Anderson
Greene Edelson

There being no further business, the Housing and Redevelopment Authority for Tuesday, June 11, 2024 was declared adjourned at 4:13 p.m. until Tuesday, July 9,

2024.

Maria Rose
Clerk to the County Board

**Contracting opportunities can be found on the Hennepin County website:
www.hennepin.us**

Board Action Request

24-HCHRA-0023

Item Description:

Claims Register for the period ending June 30, 2024

Resolution:

BE IT RESOLVED, that the Claims Register for the period ending June 30, 2024 be approved/ratified.

Background:

Recommendation from County Administrator: Recommend Approval

HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Period ending June 30, 2024

ACCOUNT NAME	VENDOR NAME
Publishing	BridgeTower OpCo, LLC

AMOUNT	
\$	55.38
\$	55.38

Board Action Request

24-HCHRA-0024

Item Description:

Neg Assignment, Assumption and Amendment of Agreements A15931 and A081848, approving the transfer of ownership of property to Trellis Co., no change to NTE

Resolution:

BE IT RESOLVED, that the Executive Director be authorized to negotiate the Assignment and Assumption of Agreements A15931 and A081848, and related documents, transferring ownership of property located at 2760, 2759, 2765 and 2768 Louisiana Court in St. Louis Park, from Perspectives, Inc., to Trellis Co. or an affiliated entity; that following review and approval by the County Attorney's Office, the Chair and Executive Director be authorized to sign the Assignment and Assumption Agreements and other related documents on behalf of the Authority; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate Amendment 1 to Agreements A15931 and A081848 with Trellis Co. or an affiliated entity, modifying agreement terms as necessary to facilitate a change in property ownership and to subordinate Hennepin County Housing and Redevelopment Authority mortgages to newly incurred debt with no change in the contract term or total combined loan principal amount of \$710,000; that following review and approval by the County Attorney's Office, the Chair and Executive Director be authorized to sign the amendments and related documents on behalf of the Authority.

Background:

Perspectives is a 56-unit affordable housing development located in five adjacent buildings with addresses of 2753, 2760, 2759, 2765 and 2768 Louisiana Court in St. Louis Park. The Hennepin County Housing and Redevelopment Authority (HCHRA) awarded the project one loan and one grant from the Affordable Housing Incentive Fund (AHIF) program:

- \$450,000 deferred loan in 2001 to acquire and rehabilitate the 2759 and 2765 Louisiana Court buildings, requiring all 18 units to be affordable to low-income persons, from 12/27/2001 to 12/27/2031 (A15931, Resolution 12-HCHRA-00R1).
- \$260,000 grant in 2007 to rehabilitate the 2760 and 2768 Louisiana Court buildings, requiring 22 of the 24 units at to be affordable to households at or below 30percent of the area median income, from 02/27/2009 to 02/27/2039 (A081848, Resolution 07-HCHRA-13).

The project has also received financing from Hennepin County's HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) programs, in addition to other funders. Moreover, the St. Louis Park Housing Authority has provided project-based Section 8 rental assistance for 22 units at these properties, further enhancing affordability for 22 tenant households.

The current owner, Perspectives, Inc., has filed for Chapter 11 bankruptcy and is required to sell the properties as part of the bankruptcy proceedings. Perspectives has accepted a suitable offer from Trellis Co. to purchase the five buildings, maintain all affordability restrictions, assume the Section 8 rental assistance contract, and assume and continue all tenant leases. Trellis's acquisition and the bankruptcy court's approval of the sale are

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contingent upon both new financing from Greater Minnesota Housing Fund, and on assignment and assumption of all secured debt, including the debt secured by Agreements A15931 and A081848.

To facilitate the transfer of ownership of the properties, Trellis has requested assignment and assumption of the existing AHIF loan and grant. Subordination to new debt and amendment of certain terms unrelated to the primary contract terms and principal loan amounts may be necessary to effectuate the transfer assignment and assumption of debt contemplated by this action. Contingent on required approvals from the bankruptcy court and other funders, Trellis anticipates closing on the sale of the property in August 2024.

Trellis anticipates a renovation and recapitalization of the Perspectives properties in the coming years, which may prompt future requests to further modify these AHIF agreements, including possible request for forgiveness, and/or requests for additional funding from a future RFP. Any future request related to the property will be brought forward for separate consideration.

Current Request:

This request is for authorization to negotiation of the assignment, assumption, and amendment of Agreements A15931 and A081848, allowing the transfer of ownership and assumption of debt to Trellis Co, or an affiliated entity.

Impact/Outcomes:

Approval of this request will preserve affordability for 56 housing units, 22 of which are further supported by project-based Section 8 rental assistance and prevent displacement of current tenants during the Chapter 11 bankruptcy process.

Housing Disparity Outcomes:

This board action request aligns with Hennepin County disparity reduction efforts by creating affordable housing opportunities for households with lower incomes.

Recommendation from County Administrator: Recommend Approval

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Board Action Request

24-HCHRA-0025

Item Description:

Neg Agmts PR00006436 with Trellis Co. and PR00006435 with American Indian Community Development Corporation for 30-year forgivable acquisition loans, 07/10/24-12/31/59, total combined NTE \$1,300,000

Resolution:

BE IT RESOLVED, that \$1,300,000 in sales proceeds from 5719 Lyndale Avenue South and 143 East 19th Street (Resolution 24-HCHRA-0019, total estimated receivable \$1,300,000) be retained by the Hennepin County Housing and Redevelopment Authority for the provision of affordable housing and creation of an inpatient substance use treatment center during a 30year period between July 10, 2024 through December 31, 2059; and that the Controller be authorized to accept, transfer, and disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate 30-year Forgivable Loan Agreement PR00006436 with Trellis Co, or an affiliated entity, for the acquisition of 5719 Lyndale Avenue South in Minneapolis (PID 22-028-24-23-0202) for the creation of affordable housing, during the period July 10, 2024 through December 31, 2059, with a not to exceed amount of \$500,000 (CP 1006848 Fund 37, DeptID 843500); that following review and approval by the County Attorney's Office, the Chair be authorized to sign the loan agreement and related documents on behalf of the Authority; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate 30-year Forgivable Loan Agreement PR00006435 with American Indian Community Development Corporation, or an affiliated entity, for the acquisition of 143 East 19th Street in Minneapolis (PID 27-029-24-43-0111) for the creation of an residential substance use treatment center, during the period July 10, 2024 through December 31, 2059, with a not to exceed amount of \$800,000 (CP 1006848, Fund 37, DeptID 843500); that that following review and approval by the County Attorney's Office, the Chair be authorized to sign the loan agreement and related documents on behalf of the Authority; and that the Controller be authorized to disburse funds as directed.

Background:

In late 2020, the Hennepin County Housing and Redevelopment Authority (HCHRA) purchased four buildings, including the Stevens Square Residence at 143 E 19th Street, Minneapolis to provide protective shelter for individuals experiencing homelessness who were impacted by the COVID-19 pandemic (Resolution 20-HCHRA-0037).

In 2022, the HCHRA also purchased the Aqua City Motel at 5719 Lyndale Avenue South to provide long-term affordable housing for low-income households, especially single adults experiencing homelessness/housing instability (Resolution 22-HCHRA-0013).

Resolution 24-HCHRA-0019 (adopted June 11, 2024) authorized the sale of 5719 Lyndale Avenue South to Trellis Co. (anticipated receivable \$500,000) and 143 East 19th Street to American Indian Community Development Corporation (AICDC) (anticipated receivable \$800,000).

Trellis will develop an affordable housing project with a minimum of 44 units affordable to households at or

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below 30 percent of the area median income (AMI). The project will include a range of unit sizes, from studios to three-bedrooms, to address the need for deeply affordable housing for families, couples, and singles.

AICDC will develop 30 residential units for culturally tailored residential substance use disorder treatment. AICDC developed this proposal with a mission to address the alarming escalation of rates (and racial disparities in rates) of opioid and other addictions.

To support and ensure affordability, the HCHRA will use property sale's proceeds to provide a 30-year forgivable, deferred loan for acquisition to both buyers, together with a promissory note, mortgage, and declaration of covenants and restrictions memorializing the HCHRA-required affordable housing commitment. With this financing, both Trellis and AICDC will be able to acquire the relevant properties before the end of 2024.

Current Request:

This request is for Authorization to negotiate Agreements PR00006436 with Trellis, and PR00006435 with American Indian Community Development Corporation, for 30-year forgivable acquisition loans, from 7/10/2024-12/31/2059, with a total combined not to exceed amount of \$1,300,000.

Impact/Outcomes:

The sale of these properties will return vacant properties to the tax base, provide for the development of new affordable housing and residential treatment programs, and address economic and racial disparities in the housing and health domains.

Housing Disparity Domain:

Households of color are disproportionately housing cost-burdened at or below 30 percent and 50 percent of AMI. This request creates 44 housing opportunities for people at or below 30 percent of AMI, and residential treatment for 30 people at or below 50 percent of AMI.

Recommendation from County Administrator: Recommend Approval