

HENNEPIN COUNTY

MINNESOTA

FINAL BOARD AGENDA

HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

TUESDAY, JULY 11, 2023

1:30 PM

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

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1. **Approval of the Agenda**
 2. **Minutes from Previous Meeting**
 - 2.A. 6/13/23 HRA Meeting Minutes

Attachments: [HRA Agenda 2023 6 13 MinutesMeeting](#)

3. **New Business**

- 3.A. [23-HCHRA-0024](#)

Accept the conveyance of surplus properties from Hennepin County

- 3.B. [23-HCHRA-0025](#)

Neg Amd 4 to Agmts PR00002919 and PR00002920 with Tacoma Creek Hospitality

- 3.C. [23-HCHRA-0026](#)

Neg Agmts A2311816, PR00005351, and PR00005446 with Agate Housing and Services for the sale of property at 5637 Lyndale Ave S, Mpls (Metro Inn), corresponding forgivable acquisition loan, and affordability operating grant

HENNEPIN COUNTY

300 South Sixth Street
Minneapolis, MN
55487-0240

MINNESOTA

Board Action Request

TMP-0249

Item Description:

6/13/23 HRA Meeting Minutes

HENNEPIN COUNTY

MINNESOTA

BOARD MINUTES

HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
TUESDAY, JUNE 13, 2023
1:30 PM

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

Commissioner Angela Conley, Chair or Vice-Chair, called the meeting of the Housing and Redevelopment Authority for Tuesday, June 13, 2023 to order at 3:17 p.m.

Present Chris LaTondresse, Debbie Goettel, Jeff Lunde, Irene Fernando, Marion Greene, Angela Conley, and Kevin Anderson

1. Approval of the Agenda

APPROVE

Debbie Goettel moved, seconded by Kevin Anderson, to approve the agenda.

Aye LaTondresse Goettel Lunde Fernando Greene Conley Anderson

2. Minutes from Previous Meeting

2.A. 5/9/23 Meeting Minutes

APPROVE

Irene Fernando moved, seconded by Angela Conley, to approve the Minutes.

Aye LaTondresse Goettel Lunde Fernando Greene Conley Anderson

3. Claims Register

3.A. [23-HCHRA-0022](#)

Claims Register for the period ending May 31, 2023

APPROVE/RATIFY

Marion Greene moved, seconded by Kevin Anderson, to approve/ratify the HRA Claims Register.

Aye LaTondresse Goettel Lunde Fernando Greene Conley Anderson

4. New Business

4.A. [23-HCHRA-0023](#)

2023 TOD funding recommendations - neg 6 TOD agmts, 06/13/23-12/31/26, NTE \$2,200,000; neg Amd 1 to 9 agmts

ADOPT

Debbie Goettel moved, seconded by Marion Greene, to adopt the HRA New Business.

Aye LaTondresse Goettel Lunde Fernando Greene Conley Anderson

There being no further business, the Housing and Redevelopment Authority for Tuesday, June 13, 2023 was declared adjourned at 3:33 p.m. until July 11, 2023.

Maria Rose
Clerk to the County Board

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

Board Action Request

23-HCHRA-0024

Item Description:

Accept the conveyance of surplus properties from Hennepin County

Resolution:

BE IT RESOLVED, that the conveyance of the surplus properties located at 807 Lowry Avenue North, 920 31st Avenue North, 912 31st Avenue North, 902 31st Avenue North, 1321 47th Avenue North, 4647 Fremont Avenue North, 4620 Fremont Avenue North, and 4543 Dupont Avenue North, in Minneapolis from Hennepin County be accepted, and that following review and approval by the County Attorney's Office, the Chair be authorized to sign all documents associated with the conveyance(s) on behalf of the Authority.

Background:

Hennepin County is the owner several vacant properties in Minneapolis which are surplus to county needs. This request is to authorize the necessary administrative steps to accept the conveyance of the properties to the Hennepin County Housing and Redevelopment Authority so that they may be offered for sale for the development of affordable housing through a request for proposals process.

The properties located at 807 Lowry Avenue North, 920 31st Avenue North, 912 31st Avenue North, 902 31st Avenue North in Minneapolis ("Lowry Properties") were acquired by Hennepin County under county Resolution 04-120, which authorized acquisition of properties for reconstruction and redevelopment of the Lowry Avenue Corridor Project. The Lowry Properties are currently vacant land. Hennepin County Resolution 10-0226 declared the Lowry Properties as surplus property and authorized their conveyance.

The properties located at 1231 47th Avenue North, 4647 Fremont Avenue North, 4620 Fremont Avenue North, and 4543 Dupont Avenue North in Minneapolis ("Humboldt Triangles") were conveyed to Hennepin County from the Minneapolis Park and Recreation Board in 2001 for the Humboldt Greenway Project. The Humboldt Triangles are currently vacant land. Hennepin County Resolution 23-0223 declared the Humboldt Triangles as surplus property and authorized their conveyance.

Following conveyance of the Humboldt Triangles and Lowry Properties, Authority staff will issue a request for proposals to offer the properties for sale for affordable housing. Final sale of the properties for affordable housing will be subject to a future HCHRA board approval process.

Current Request: This request is for authorization to accept the conveyance of surplus properties from Hennepin County.

Impacts/Outcome: The conveyance will permit vacant surplus properties to be advertised for sale for affordable housing development through a request for proposal process.

Recommendation from County Administrator: Recommend Approval

Board Action Request

23-HCHRA-0025

Item Description:

Neg Amd 4 to Agmts PR00002919 and PR00002920 with Tacoma Creek Hospitality

Resolution:

BE IT RESOLVED, that the Executive Director be authorized to negotiate Amendment 4 to Agreements PR00002919 with Tacoma Creek Hospitality, or affiliated entity, for services to the properties located at 5637 Lyndale Avenue S, Minneapolis and 5739 Lyndale Ave S, Minneapolis, increasing the not to exceed amount by \$65,650 for a new not to exceed amount of \$1,065,650, and PR00002920 with Tacoma Creek Hospitality, or affiliated entity, for services to the property located at 925 4th Street SE, Minneapolis, decreasing the not to exceed amount by \$38,790 for a new not to exceed amount of \$922,710, to provide property management, operation and maintenance for Hennepin County Housing and Redevelopment Authority owned properties, extending the contract period from June 30, 2022 to July 31, 2024; that following review and approval by the County Attorney's Office, the Chair of the Board be authorized to sign the amendments on behalf of the Authority; and that the Controller be authorized to disburse funds as directed.

Background:

Since December 2020, the Hennepin County Housing and Redevelopment Authority (HCHRA) has contracted with Tacoma Creek Hospitality to provide property management, operation and maintenance services at the University Inn and the Metro Inn Motel (Agreements PR00002919 and PR00002920). The HCHRA later amended these agreements to extend the time period for property management services and to add the Aqua City Motel to Agreement PR00002919, and the Federal Plaza to Agreement PR00002920 (Resolution 22-HCHRA-0038).

Amendment 4 to Agreements PR00002919 and PR00002920 will withdraw the Federal Plaza from PR00002920, extend property management services at the remaining three properties through July 31, 2024, and increase the total combined not to exceed amount by \$26,860 for a new total combined not to exceed amount of \$1,988,360.

Impact/Outcomes: Approval of this request will help transition approximately 119 units to permanent, single room occupancy housing.

Housing Disparity Domain: Households of color are disproportionately housing cost burdened. This request creates housing opportunities for individuals with incomes at or below 30 percent of area median income.

Recommendation from County Administrator: Recommend Approval

MINNESOTA

Board Action Request

23-HCHRA-0026

Item Description:

Neg Agmts A2311816, PR00005351, and PR00005446 with Agate Housing and Services for the sale of property at 5637 Lyndale Ave S, Mpls (Metro Inn), corresponding forgivable acquisition loan, and affordability operating grant

Resolution:

BE IT RESOLVED, that the Executive Director be authorized to negotiate Purchase Agreement A2311816 with Agate Housing and Services, or an affiliated entity, for the sale of property located at 5637 Lyndale Avenue South, Minneapolis (PID 22-028-24-23-0036), for the provision of affordable housing, with an estimated receivable amount of \$900,000, with normal and customary closing costs (estimated at \$20,000) to be paid using funds from CP 1008593, Fund 37, DeptID 843400; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the purchase agreement and associated documents on behalf of the Authority; and that the Controller be authorized to accept and disburse funds as directed; and

BE IT FURTHER RESOLVED, that \$900,000 in sales proceeds be retained by the Hennepin County Housing and Redevelopment Authority for the provision of 38 units of rental housing restricted and affordable to households at or below 30 percent of Area Median Income (AMI), during the 30-year period July 12, 2023, through December 31, 2053; and that the Controller be authorized to accept and disburse funds as directed; and

BE IT FURTHER RESOLVED, that Executive Director be authorized to negotiate Forgivable Loan Agreement PR00005351 with Agate Housing and Services, or an affiliated entity, for 38 rental housing units located at 5637 Lyndale Avenue South, Minneapolis (PID 22-028-24-23-0036) to be restricted and affordable to households at or below 30 percent of AMI, during the period of July 12, 2023 through December 31, 2053, with a not to exceed amount of \$900,000; that that following review and approval by the County Attorney's Office, the Chair be authorized to sign the loan agreement and related associated 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 Agreement PR00005446 with Agate Housing and Services, or affiliated entity, providing operating support and initial capitalized reserve funds for 38 rental housing units located at 5637 Lyndale Avenue South, Minneapolis (PID 22-028-24-23-0036) to be restricted and affordable to households at or below 30 percent of AMI, during the period of July 12, 2023 through December 31, 2027, with a not to exceed amount of \$533,639; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the agreement on behalf of the Authority; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the remaining balance of pandemic recovery funding authorized under Resolution 22-HCHRA-0013 (\$3,316,000 for the acquisition and repurposing of the Aqua City Motel and Robin Hotel) be reallocated for eligible costs, operations, staffing, and services to advance equitable housing recovery strategies through December 31, 2024, and 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 Metro Inn at 5637 Lyndale Avenue South, to provide protective shelter for individuals experiencing homelessness who were impacted by the COVID-19 pandemic (Resolution 20-HCHRA-0037). The Metro Inn was utilized as a protective shelter throughout the pandemic and is now undergoing conversion to permanent affordable housing (Resolution 22-HCHRA-0052).

Since 2020, under the HCHRA's Single Room Occupancy (SRO) Housing Strategy, staff have been converting these and other properties to deeply affordable permanent housing. As part of its due diligence, staff completed a market and feasibility analysis of maintaining ownership of the Metro Inn and leasing to a non-profit entity to operate (Stevens Square Residence model, 21-HCHRA-0023), versus facilitating the sale of the property to an experienced affordable housing operator with long-term affordability restrictions (University Inn, 22-HCHRA-0051; and Robin Hotel, 22-HCHRA-0041). This analysis demonstrated that the HCHRA would meet HCHRA and Hennepin County housing goals more efficiently and effectively with the Metro Inn property under ownership by a private entity.

Following a competitive selection process, Agate Housing and Services was selected to purchase the Metro Inn from the HCHRA, subject to 30-year affordable housing restrictions. Agate Housing and Services (Agate) is a well-qualified local affordable housing provider. Consistent with Agate's mission, they have committed to restricting tenancy of all 38 units to households at or below 30 percent of the Area Median Income (AMI); have committed to restricting rents of all 38 units to 30 percent of AMI rents; and have committed to prioritizing people experiencing homelessness, all for a 30-year term. To support that affordability, the HCHRA will provide an acquisition loan to Agate, together with a 30-year deferred loan, promissory note, mortgage, and declaration of covenants and restrictions memorializing the HCHRA-required affordable housing commitment. Agate anticipates acquiring the property in Fall 2023, after rehab is complete, and leasing to tenants shortly thereafter.

In addition, an operating assistance agreement will provide financial support to ensure the long-term stability and quality of the housing units. A one-time capitalized reserve assistance from the HCHRA of \$50,000 would seed capitalized reserves needed to maintain the building. An additional operational subsidy of \$2,750 per unit for the first program year and up to a two percent increase annually thereafter, will support ongoing operations of the building while allowing rents to stay affordable to households with incomes below 30 percent of AMI. The subsidy amount was established after an analysis of operating costs across the HCHRA's single room occupancy (SRO) properties and traditional affordable housing projects.

This agreement will have up to five five-year renewal options as mutually agreed upon by both parties, and subject to board approval.

The HCHRA's SRO Strategy aims to re-introduce basic affordable housing into the market to meet the needs of individuals with extremely low incomes and resulting housing instability. This sale, acquisition assistance, and operating assistance allows the Metro Inn project to continue serving this purpose, while keeping daily costs over the full 30-year period to less than daily costs of emergency shelter for single adults.

Current Request: Authorize negotiation and execution of three agreements with Agate Housing and Services, or an affiliated entity, for an affordable housing project located at 5637 Lyndale Avenue South, Minneapolis: Agreement A2311816 for the sale of the property; Agreement PR00005351 for acquisition assistance with a total not to exceed amount of \$900,000 from 7/12/2023-12/31/2053; and Agreement PR00005446 to provide a rental subsidy and capitalized reserve assistance not to exceed \$533,639 from 7/12/2023-12/31/2027.

Impact/Outcomes: Approval of this request will create 38 units of permanent single-room occupancy housing for households at or below 30 percent of the area median income.

23-HCHRA-0026

Housing Disparity Domain: Households of color are disproportionately housing cost-burdened at or below 30 percent of the area median income. This request creates 38 housing opportunities for people at or below 30 percent of the area's median income.

Recommendation from County Administrator: Recommend Approval