

BOARD OF COMMISSIONERS  
WASHINGTON COUNTY COMMUNITY DEVELOPMENT AGENCY  
WASHINGTON COUNTY, MINNESOTA

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The Washington County Community Development Agency Board of Commissioners convened in Regular Session at Washington County CDA, 7645 Currell Blvd., Woodbury, MN on March 20, 2018. Staff present: Barbara Dacy, Executive Director; Melissa Taphorn, Deputy Executive Director; Aaron Christianson, Director of Finance; Ann Hoechst, Housing Assistance and Administrative Services Director; Chris Eng, Economic Development Director; Kristen Scobie, Community Development Project Manager; Bill Lightner, Community Development Project Manager; Kathryn Paulson, Community Development Project Manager; and Sandy Meza, Office Manager.

**Meeting called to order at 3:00 p.m.**

**ROLL CALL**

Commissioners present: Dingle, Miron, Widen, and Belisle.

Commissioners absent: Hargis, Ryan and Zeller.

**Commissioner Miron moved to establish Commissioner Dingle as Chair Pro Tem. Commissioner Widen seconded the motion. Motion carried 4-0.**

**OPEN FORUM**

None

**CONSENT CALENDAR**

Consent Calendar agenda items are generally defined as items of routine business, not requiring discussion, and approved in one vote. Commissioners may elect to pull a Consent Calendar item(s) for discussion and/or separate action.

Minutes of Regular Meeting

February 20, 2018

Abstract of Bills, February 2018

Total: \$1,361,500.34

A-1 Resolution No. 18-09. Resolution Designating an Environmental Certifying Officer for All Federal Programs Operated or Administered by The Washington County Community Development Agency.

**Commissioner Widen moved to approve the Consent Calendar, seconded by Commissioner Dingle. Motion carried 4-0.**

**NEW BUSINESS**

A-2 Resolution 18-10. Resolution Waiving Request for Proposal Process for Legal Services; Authorizing Execution of Contract with McGrann Shea Carnival Straughn and Lamb Chartered.

Ms. Dacy reviewed the continuing service contract policy and requested a waiver from the proposal process for legal services. She explained that over the last 5 years, the Agency has successfully addressed several matters regarding litigation, data privacy, rental assistance defense, Landfall Terrace matters, adding economic development powers via special legislation and the Newport Tax Increment Funding (TIF) special law by special legislation. She further explained that McGrann Shea Carnival Straughn and Lamb's bond counsel has been involved with the Agency's bond issues and is very familiar with the nature of the agreements with Washington County. The bond matters are particularly important because they are the highest revenue source for the Agency. She state that there are no major changes in lead personnel who would cause the necessity to compare against others. Ms. Dacy stated that McGrann Shea is providing real estate and bond advice for The Glen at Valley Creek development, which is expected to close this spring, tax credit compliance matters for 4% and 9% developments, agreements for CDBG and HOME programs plus they provided the most experience for the price in 2012 and were either equal to or lower than other rates.

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Ms. Dacy stated that Susan Hansen from Madden Galanter and Hansen, has assisted the Agency in preparing for several matters affecting employees in the bargaining unit including negotiations and significant transition in various benefits and programs in labor agreements and adopting an updated classification and compensation plan. Their firm specializes in this area and was the lowest cost in 2012.

Ms. Dacy recommended that the Board approve the resolution authorizing execution of contracts with each firm for two years. A Request for Proposal (RFP) will be conducted in early 2020 to prepare for potential April 1 transition. She indicated that Staff will prepare an updated RFP schedule for consent agenda approval.

Commissioner Belisle asked which attorneys worked on the original TIF district in Newport. Ms. Dacy responded that James Casserly from Monroe, Moxness and Berg provided the legal advice on that issue. The Agency did conduct an RFP for public finance attorneys. Mr. Casserly was selected and that contract has now expired.

**Commissioner Miron moved to approve Resolution 18-10, seconded by Commissioner Widen.  
Motion carried 4-0.**

### **DISCUSSION**

#### D-1 Updates on the Housing Choice Voucher Administrative Plan and the Public Housing Admissions and Continued Occupancy Plan

Ms. Hoechst explained that the Agency is required to annually review and update the Housing Choice Voucher Administrative Plan (Admin Plan) and the Public Housing Admissions and Continued Occupancy Plan (ACOP). These plans carry the rules and procedures for the Housing Choice Voucher program and the Public Housing program. These plans have been updated to be compliant with HUD's rule changes and to meet local policy needs regarding limiting liability for errors to one year and making determinations of HAP pay back when terminating a tenant. These changes have been reviewed with the Agency's attorney. These plans are currently available for review in their entirety on the Agency's website.

She further explained that the Agency started a 45-day public comment period on March 1, 2018. There will be a public hearing at the April Board meeting at which the Board will be asked to adopt the revised versions of both the Admin and ACOP plans.

Commissioner Widen asked if there is an appeal process, Ms. Hoechst indicated that there is an informal hearing process in which an outside, unbiased third-party hearing officer reviews information from both sides and determines a course of action. Commissioner Widen then asked what happens when a client does not have a current income tax statement to submit. Ms. Hoechst answered that the most recent tax statement would be requested.

Commissioner Belisle asked about a person who does not want to provide such information. He wondered if the Agency could obtain a release to get the information directly from the Internal Revenue Service. Ms. Hoechst indicated that staff may explore it. Enterprise Income Verification system, which HUD has set up, was supposed to provide all the necessary documentation but it doesn't capture self-employment information. Commissioner Belisle asked if the clients must provide information every year. Ms. Hoechst responded that the information is requested every year.

Commissioner Miron asked who receives the Housing Authority Program (HAP) payments. Ms. Hoechst indicated that the HAP is paid to landlords directly. She indicated that if a client committed fraud to qualify for benefits, the client will be terminated from the program and any funding paid on the client's behalf would have to be repaid by the client.

#### D-2 Proposed Low Income Housing Tax Credit Qualified Allocation Plan Priorities

Ms. Taphorn summarized recommendations to the Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) for implementation in the 2019 program for discussion in advance of the public hearing.

She indicated that the LIHTC Program was created by the Tax Reform Act of 1986 to stimulate private investment in affordable housing development. The LIHTC program requires each allocating entity to hold a public hearing and adopt a QAP for each allocation year, which outlines the threshold, selection and preference criteria for the allocation of tax credits. The Agency is the designated LIHTC allocating agency for Washington County which gives it the ability to promote specific local priorities, which may differ from state priorities, and to retain local control over the distribution of tax credits.

Ms. Taphorn explained that the LIHTC program is the Agency's most significant tool to produce affordable housing. Since the program's inception, tax credits have been used to create, preserve or rehabilitate 2,184 units of affordable housing in 36 developments across Washington County. An additional 216 units are under construction in Woodbury. The estimated amount of 2019 LIHTC is \$509,116. This is based on the distribution plan and a \$2.40 per capita volume cap.

Staff has reviewed changes proposed to the state's QAP, the Agency's strategic priorities, and the county's local priorities and needs. A proposed schedule has been developed.

Ms. Taphorn indicated that two 9% applications were expected and two to three 4% applications may be submitted in 2018. Commissioner Belisle asked about the status of the State's volume cap bond allocation and the availability of bonds for these developments. Ms. Taphorn stated one development has secured an allocation of bonds but did not know the current availability as Minnesota Management and Budget has only released a report through January. If the housing pool was depleted, the developments would have the opportunity to apply later in the year under the unified pool.

## **REPORTS**

### **COMMUNITY DEVELOPMENT DEPARTMENT**

Ms. Taphorn reported that HUD has decided to not be the first mortgage lender for The Glen at Valley Creek. In order to maintain deeply affordable rents, the CDA is using levy funds to provide debt service coverage, as it does on its other properties. HUD cited the difficulty in underwriting their risk since the levy funds require an annual appropriation rather than an upfront commitment for the term of the mortgage. The financing plan has switched to the issuance of unrated, tax-exempt private activity bonds which will fund the development's permanent and construction loans. The schedule is tight with a closing proposed in June.

Commissioner Widen asked about the timing of construction. Ms. Taphorn indicated that the ten-month construction period could start in June. Opening is tentatively scheduled for April 2019.

### **ECONOMIC DEVELOPMENT DIRECTOR**

Mr. Eng announced that the first application for the pre-development finance fund was received last week. The application was from Oak Park Heights for \$9500 to do a redevelopment master plan study for an area that is in a commercial district. The grant agreement has been sent out for signatures. Mr. Eng expects applications from Afton, Forest Lake and Scandia to come in soon. Hugo may apply.

Mr. Eng reported that marketing efforts with the Minnesota Real Estate Journal continue. Advertisements are getting noticed. Calls from realtors and brokers are coming in. Due to the Journal's articles, the City of Woodbury is one of five nominees for Best City or Municipality of the Year as part of the Minnesota journalism awards to be held on April 11<sup>th</sup>.

### **FINANCE & PROPERTY MANAGEMENT**

Mr. Christianson indicated that in his report, he had indicated that the January Finance Committee meeting minutes would be included in this month's packet, but they were included in the February packet.

He reported that the 2019 budget process has started, and Shelter has been provided with budget details which will be reviewed in mid-April. They are planning to have preliminary plans ready for the April meeting. The Finance Committee will meet in May to draft the final budget for presentation to the Board in June.

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Mr. Christianson reported that the 2017 audit is well underway. Briar Pond, Piccadilly and The Groves audits have been completed. He anticipates that the auditor, Dave Mol, will be at the May meeting to report findings.

RENTAL ASSISTANCE

Ms. Hoechst reported that there is a new website for the Suburban Metro Continuum of Care which links families to services. The Agency has been tentatively awarded HUD Veterans Affairs Supportive Housing vouchers (VASH). A new annual contributions contract will need to be approved once the award has been finalized.

EXECUTIVE DIRECTOR

Ms. Dacy reported that a follow up memo has been sent to the City of Newport which outlines the five points identified during the Joint Meeting. The Mayor of Newport has communicated that the City wishes to limit tax increment expenses without consulting the Newport City Council. The Agency does not anticipate any issues. Chris Eng has arranged for site selectors to be at the City of Newport on April 17<sup>th</sup> at 5 PM to discuss potential development on Out Lot A and other parts of the redevelopment. Ms. Dacy stated that she and Commissioner Dingle attended the City Council meeting at which the Mayor talked about amending the MX-3 zoning district in the redevelopment area.

Ms. Dacy also reported that Landfall HRA has hired a property manager who has significant experience with a variety of affordable housing programs. Next month there may be an action item to extend the Operating Agreement between the City of Landfall and the Agency for another year.

Mr. Dacy indicated that she and Commissioner Miron were at the State Capitol meeting with the county's legislative delegation to talk about the bonding bill and the necessity for funding for affordable senior housing. She state that there is another bill, which would eliminate the set aside funding for single family bonds. She may be testifying against that in her position of legislative chair of Minnesota National Association of Housing and Redevelopment Officials (NAHRO).

She announced that June 13<sup>th</sup> has been designated as Employee Appreciation lunch. She invited all the Commissioners to join staff in the Board Room for lunch.

Ms. Dacy took part in a Met Council committee to provide input on their housing performance score process, which is important for cities participating in the livable communities program to receive i funding.

ADJOURN

Commissioner Belisle moved to adjourn. Seconded by Commissioner Miron. Motion carried 5-0.

Meeting adjourned at 4:09 P.M.

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/s/ Brian Zeller

Chair/Vice Chair Commissioner