

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 September 18, 2018. Staff present: Barbara Dacy, Executive Director; Melissa Taphorn, Deputy Executive Director; Aaron Christianson, Director of Finance; Chris Eng, Economic Development Director; Ann Lindquist, Housing Coordinator; Kathryn Paulson, Community Development Project Manager II; Elena Shulman, Project Manager I; Kristen Scobie, Project Manager II; Bill Lightner, Project Manager II; Becky Nelson, Senior Accountant; and Leni Healy, Administrative Assistant.

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

**ROLL CALL**

Commissioners present: Green, Zeller, Widen, Belisle, Miron, Ryan and Dingle.

**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.

Barbara Dacy requested that item A-8, Resolution 18-41 Authorizing Executive Director to Enter Into a Professional Services Agreement With Stantec Consulting Services, Inc. to Apply For and Implement a US EPA Brownfields Assessment Grant of Behalf of the Washington County CDA, be removed from the consent calendar. Staff will bring the resolution forward at a future date, once the terms of the Agreement are negotiated.

Minutes of Regular Meeting  
August 21, 2018

Abstract of Bills, August 31, 2018  
Total: \$1,160,372.02

- A-1 Resolution No. 18-34. Resolution Amending the Schedule for Request for Proposals/Qualifications for Certain Continuing Service Contracts.
- A-2 Resolution No. 18-35. Resolution Authorizing the Adoption of the Passbook Savings Rate for Federal Assistance Programs Effective January 1, 2019.
- A-3 Resolution No. 18-36. Resolution Authorizing the Adoption of the Revised Housing Choice Voucher Payment Standards Effective January 1, 2019.
- A-4 Resolution No. 18-37. Resolution Authorizing the Adoption of the Revised Public Housing Flat Rents Effective January 1, 2019.
- A-5 Resolution No. 18-38. Resolution Authorizing the Adoption of the Revised Utility Allowance Schedule for Federal Assistance Programs Effective January 1, 2019.
- A-6 Resolution 18-39. Resolution Authorizing Supplemental Reservation of Gap Financing for Redevelopment and Rental and Ownership Housing in Washington County (GROW) Fund for Headwaters Landing.
- A-7 Resolution 18-40. Resolution Amending the Labor Agreement With AFSCME Minnesota Council 5 for 2018-2020, and Establishing Health Insurance Contributions for Represented and Non-Represented Employees.

**Commissioner Miron moved to approve the Consent Calendar with the exception of item A-8, seconded by Commissioner Widen. Motion carried 7-0.**

**PUBLIC HEARING**

A-9 Resolution 18-42. Resolution Endorsing the Washington County 2017 Consolidated Annual Performance and Evaluation Report and Authorizing Submission to Washington County Board of Commissioners.

**Commissioner Miron moved to open the Public Hearing on Resolution 18-42, seconded by Commissioner Widen. Motion carried 7-0.**

Ms. Taphorn explained that the Consolidated Annual Performance and Evaluation Report (CAPER) details Washington County's progress toward meeting the goals outlined in Washington County's 2015-2019 Consolidated Plan and projects undertaken with 2017 Community Development Block Grant (CDBG) and the Home Investment Partnerships (HOME) program funds. She said the CAPER is a means to communicate to US Department of Housing and Urban Development (HUD) and policymakers how funds are spent and the impact the programs make in our community.

Ms. Taphorn reviewed the 2017 funds, number of households and persons assisted, actions taken to affirmatively further fair housing, and grant-funded projects that meet housing and community development needs in Washington County. Ms. Taphorn said the full draft CAPER was published on the CDA's website and in the Stillwater Gazette and released for public comment on August 31, 2018. She indicated that the public comment period was open until the end of business on September 18, 2018. She said a public hearing was also held in Dakota County, on behalf of Dakota County HOME Consortium, that same morning. No comments were received through either means.

No one spoke at the public hearing.

**Commissioner Widen moved to close the Public Hearing on Resolution 18-42, seconded by Commissioner Miron. Motion carried 7-0.**

**Commissioner Green moved to approve Resolution 18-42, seconded by Commissioner Ryan. Motion carried 7-0.**

A-10 Resolution 18-43. Resolution Authorizing Execution of the Certificate of Compliance with the PHA and CFP Plans and Related Regulations for 2019 and Authorizing Submission to HUD.

**Commissioner Miron moved to open the Public Hearing on Resolution 18-43, seconded by Commissioner Widen. Motion carried 7-0.**

Ms. Lindquist explained that this hearing is for the Public Housing Agency (PHA) Plan is a requirement of the Quality Housing and Work Responsibility Act of 1998 (QHWRA). She indicated that each year the Agency must report to HUD, open a public hearing and received comments on any significant changes that would occur in the administration of its programs in the five-year plan. She said that this year, the only changes were made in the Administration Plan and the ACOP which previously received approval from the Board. She said that the residents' advisory board made comments which were included in the Board packet.

Mr. Christianson indicated that the Capital Fund Program (CFP) was also included. He explained that previously the CFP information was imbedded in the PHA plan but was separated a few years ago. He indicated that HUD prefers the plans to be approved at the same time. He stated that the current plan includes \$143,000 in capital expenditures for housing units which is funded through their capital fund grant program and was part of the five-year plan. He said that plan was previously approved by the Board and HUD. He said that they will be developing a new five-year plan for 2020 through 2024 next year.

Commissioner Belisle asked if all the funding came from the Agency or does HUD provide some. Mr. Christianson indicated that the total \$143,000 came from HUD. Commissioner Belisle further questioned if that was the total amount available. Mr. Christianson responded that currently the Agency was trying to work within that budget amount but there was potential for some projects, such as new windows at Whispering Pines, to go into CIP funding. Commissioner Belisle asked what determines the grant amount. Mr. Christianson indicated that the number of projects submitted in the five-year plan may have an impact on the grant amount awarded. Mr. Christianson believes that the next funding cycle will be higher based on the need that has been presented. Ms. Dacy added that funding is always subject to the budgeting dynamics at the federal level. Commissioner Belisle asked if the Agency had any influence on the funding amount based upon applications or reports submitted. Mr. Christianson indicated that funding is based on the projects submitted.

There was no public comment at the meeting.

**Commissioner Miron moved to close the Public Hearing on Resolution 18-43, seconded by Commissioner Green. Motion carried 7-0.**

**Commissioner Miron moved to approve Resolution 18-43, seconded by Commissioner Ryan. Motion carried 7-0.**

### **NEW BUSINESS**

A-11 Resolution No. 18-44. Resolution Approving Reservation of 2019 Low Income Housing Tax Credits to CommonBond Communities for a Low Income Housing Project in the City of Forest Lake.

Mr. Lightner explained that the Agency is a sub-allocator of tax credits through a program administered by the Internal Revenue Service (IRS). He said that Washington County's 2019 allocation is \$642,926. He indicated that two applications were received; one from CommonBond Communities called Headwaters Landing and one from MWF Properties called Frenchman Lofts.

Mr. Lightner described Headwaters Landing as new workforce housing, one four-story building with rents restricted to fifty and thirty percent area median income (AMI), and seven units for long-term homeless persons coupled with rental assistance and supportive services from Group Residential Housing.

Commissioner Zeller asked for clarification on the allocation years. Mr. Lightner indicated that tax credits are forward awarded, meaning that the credits are awarded the fall prior to the allocation year. Headwaters Landing applied last year and received a reservation of 2018 tax credits and this application is for 2018 tax credits.

Mr. Lightner indicated that the property was located in Forest Lake across the street from the YMCA, library and Park and Ride. He said this application received 104 points and recommends an allocation of \$464,795 which fulfills their need for tax credits and will allow the financing to close this October.

**Commissioner Green moved to approve Resolution 18-44, seconded by Commissioner Miron. Motion carried 7-0.**

Resolution No. 18-45. Resolution Approving Reservation of 2019 Low Income Housing Tax Credits to Frenchman Lofts, Limited Partnership or Its Affiliate for a Low Income Housing Project in the City of Hugo.

Mr. Lightner explained that Frenchman Lofts is a three-story building with forty-five units with rents at fifty and sixty percent area median income (AMI) and four units for long-term homeless coupled with rental assistance and supportive services from Group Residential Housing.

This facility is located in Hugo near the Victor Hugo commercial center with existing townhomes near it. Mr. Lightner indicated that this application received 66 points and recommends an allocation of \$178,131 with the opportunity to apply to Minnesota Housing in Round Two.

Commissioner Belisle asked if we have had any projects receive funding from Minnesota Housing. Mr. Lightner responded that Forest Oak II received round two funding.

Commissioner Miron asked how much transit impacted the scoring. Mr. Lightner explained that the Hugo application actually received points for not being in a transit area.

Commissioner Green asked if a cut-off point existed where a project would not receive funding consideration. Mr. Lightner explained that there was not a threshold for points in the competitive tax credits. He explained that there was a minimum 30 point threshold for tax credits issued with tax exempt bonds.

Commissioner Green asked about the length of time for the developer to use the credits. Mr. Lightner explained that the investor receives ten years of credits toward their federal tax liability and rent and income restriction compliance is required for 30 years, as documented through a declaration that is recorded on the land. Ms. Taphorn added that the developer must start building within two years of the reservation, which is why the projects are forward-awarded.

**Commissioner Green moved to approve Resolution 18-45, seconded by Commissioner Miron. Motion carried 7-0.**

A-12 Resolution No. 18-46. Resolution Amending the Policy and Procedures for Conduit Financing Projects.

Ms. Taphorn explained that the 2040 Washington County Comprehensive Plan includes an allocation of affordable housing need from the Metropolitan Council for 4,315 affordable housing units by 2030 with a breakdown by income band. Half of the new units must be affordable to households with incomes at or below thirty percent area median income (AMI). She then explained the development funding gap created when rents are restricted. That gap can be as large as \$65,000 for an apartment with rents restricted to thirty percent AMI. She explained that the private market cannot create or sustain units to meet the Comprehensive Plan goals without public intervention to fill the funding gaps. She described the various funding sources the Agency has to fill these gaps, what the requirements are, and what types of developments work best with each source. Ms. Taphorn explained that affordable housing production goals are the foundation upon which the recommended amendments to the Conduit Bonds and the GROW Fund policies are based upon.

Ms. Taphorn explained that between 2006 and 2017, the Agency issued \$60.8 million of conduit bonds which were utilized for affordable housing as well as non-profit and governmental facilities. She said the Agency also issued refunding bonds. She said that while reviewing these conduit bond applications, it was identified that the Agency's Conduit Bonds Policy was silent in two areas: the issuance of bonds for non-profit entities requesting industrial revenue bonds and the refunding of previously issued bonds. She said that since the Policy's adoption, the Agency's scope of work has expanded with its involvement in county-wide economic development activities.

Ms. Taphorn indicated that the proposed Policy revisions add requirements for industrial revenue bonds for non-profit organizations and bond refundings. She said it updates and clarifies different housing revenue bond types, bank-qualified status and fee structures; adds continuing disclosures and minimum denominations; and re-organizes general and bond-specific requirements.

Commissioner Belisle asked if Minnesota Housing allows income averaging yet in the tax credit program. Ms. Taphorn indicated that Minnesota Housing has not changed their Qualified Allocation Plan (QAP) yet and the Agency is waiting for that to happen before amending its QAP.

Commissioner Green commented on his experience with bonding at HealthEast and looking at various fee structures. Ms. Taphorn indicated that the Agency has issued bonds for HealthEast but they chose to refund the bonds through the City of St. Paul.

**Commissioner Widen moved to approve Resolution 18-46, seconded by Commissioner Green. Motion carried 7-0.**

A-13 Resolution No. 18-47. Resolution Authorizing Amendments to the Policy for Gap Financing for Redevelopment and Rental and Ownership Housing in Washington County (GROW) Fund.

Ms. Scobie explained that in 2005, the Agency established the Gap Financing for Rental and Ownership Housing in Washington County (GROW) Program to address feasibility issues for affordable housing developments and to demonstrate local commitment to attract other sources. She further explained that in 2012, the program was expanded to support cities with cost-prohibitive redevelopment projects. She described policy and eligibility criteria history. She indicated that the Agency has loaned more than \$3.1 million to 325 units of affordable housing and has committed an additional \$1.64 million for 336 affordable housing units.

She said that staff recommends preserving redevelopment as eligible use, leveraging GROW funds to incent deeper affordability, and maintaining flexibility with terms and underwriting criteria are key drivers of the proposed GROW Fund Policy changes. She proposed revisions to the GROW policy to reduce rent limits to the fifty percent area median income (AMI) and maintain owner-occupied purchase price limits to the eighty percent AMI level; to increase the maximum loan to \$500,000 for housing developments with specific criteria to make exceptions up to \$750,000 and maintain the redevelopment loan maximum at \$250,000; and to establish a flat application fee of \$1,500 and eliminate the application fee for public entity applicants.

**Commissioner Zeller moved to approve Resolution 18-47, seconded by Commissioner Widen. Motion carried 7-0.**

## REPORTS

### COMMUNITY DEVELOPMENT DEPARTMENT

Ms. Taphorn highlighted a few things from her written report including progress at the Glen at Valley Creek. She announced that next week the Agency will be co-hosting the 43<sup>rd</sup> annual National Association for County Community and Economic Development (NACCED) education and training conference.

### ECONOMIC DEVELOPMENT

Commissioner Miron asked for an update on the Open to Business Activities. Mr. Eng explained that much of the presentations and activity across the County has been very well received. In the first twelve months the program has assisted about 114 businesses and loaned \$430,000 which has leveraged about \$2.5 million in all areas of the County. He said there are certain areas they will target for more promotion. He indicated that the communities, businesses, Chambers of Commerce and local governments have been very grateful for the program. Mr. Eng commended Tyler Hilsabeck for a great job during this first year. He indicated that they are developing a survey of all the businesses which have been served to get feedback.

Commissioner Zeller asked if there were any leads generated by the East Metro Development Summit. Mr. Eng responded that every month there is an ad in the Real Estate Journal. He indicated that he had just received two calls from companies interested in working with the Agency. He said that an event in Minneapolis will attract about five hundred site developers, real estate brokers and commercial realtors will be held soon, and the Agency will have a booth.

### FINANCE AND PROPERTY MANAGEMENT

Mr. Christianson indicated that he had streamlined his written reports to be more useable. Mr. Christianson reported that he has been meeting with Shelter Corporation to transition to the new accounting platform. He said the target date for the software and paperless system is January 1<sup>st</sup>. Mr. Christianson indicated that the budget schedule has been preliminarily established.

### RENTAL ASSISTANCE

Ms. Lindquist indicated there was no further rental assistance report.

### EXECUTIVE DIRECTOR

Ms. Dacy distributed a W-9 form for each of the Commissioners and explained that the W-9 form was the appropriate form by which to report the per diem income instead of the W-4 form. She indicated that the Commissioners would receive a 1099 at the end of the year.

Ms. Dacy explained that the Commissioners at the Citizen's Advisory Committee had requested a presentation concerning the Governor's Task Force Housing Report. She is trying to arrange a presentation.

She informed the Commissioners that the Agency is leasing a car for business purposes such as rental assistance inspections, economic development and travel to the properties.

Ms. Dacy reported that Ashley Engh has been hired in the Finance Division. She has tax credit experience and is a CPA. Ms. Engh will start in November. Ms. Dacy also reported that Smita Rakshit, Rental Assistance Specialist, has resigned to accept a position at the County in the Department of Public Health and Environment.

Commissioner Miron announced that the County Board approved The Community Development Agency's property tax levy at \$5.23 million.

**ADJOURN**

Commissioner Zeller moved to adjourn; seconded by Commissioner Widen. Motion carried 7-0.

Meeting adjourned at 4:25 P.M.



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Chair/Vice Chair Commissioner