

BEMIDJI CITY COUNCIL

Work Session Agenda

Monday, April 26, 2010

**City Hall
Conference Room
5:30 P.M.**



1. CALL TO ORDER / ROLL CALL

2. BEMIDJI TOWN HOMES DEVELOPMENT - KUEPERS

3. QUESTIONS ... STRATEGIC PLAN UPDATE

4. ADJOURNMENT

Bemidji, MN

Typical Schedule for Housing Tax Credit Application

Application Deadline: June, 2010 (Round 1 for 2011 Credits)

Market Study ---	To be Complete by May 2010
Purchase Agreement / Option	Early 2010
Developer decisions	Early 2010
Project name:	Pine Haven Townhomes
Name of Partnership	Pine Haven Townhomes LP
Development Team	
Owner and General Partner	Pine Haven Townhomes, LLC
Processing Agent	Podawiltz Development Corp
Architect	Kuepers , Inc Architects & Builders
Contractor	Kuepers , Inc Architects & Builders
Management Company	CMHP
Project Planning	On going
Site Plan –	Complete
Proformas	March
Final cost estimates	Complete (with minor revisions)
Discussions with City	Early 2010
Specific Actions on page 2	
Support Resolution(s)	
For project (required) and for TIF if needed	
Request City action	Follow City Procedures
Council Meeting	Every Monday night
Threshold Letter	by May 2010
HRA forms	by May 2010
MHFA Webinar (QAP and Procedural Guidelines, Scoring)	May 6, 2010
Apply for Commitment from Syndicator	early May 2010
Apply for Commitment from Bank	early May 2010
Preparation of application	April / May 2010
Application Deadline	Tuesday, June 15, 2010
Notice of Award	End of October, 2010

The following are specific actions requested of the City of Bemidji:

- **Support Resolution of the City :**

This is a Minimum Threshold Requirement – It endorses the need and supports the application and usually references a market study as documentation. Bemidji passed a Support Resolution last year. *Sample is attached.*

The City will then write a letter to MHFA “*Threshold Letter*” stating the Resolution has been passed. An example of the Threshold Letter is attached.

- **Tax Increment Financing – Did not request this last year.**

MHFA needs to see City Support. Resolution of support for the MHF application is the very minimum. Although TIF would help, the development risk is too great to make a formal application (and pay associated costs) and then not be funded. There is no reason for the City to proceed with setting up a District and negotiate a development agreement if the other elements of the financing plan are not approved.

- **Obtaining Points**

MHFA added points this year for specific items of support.

The MHFA awards points for each of the following bullet points. We are asking for assistance with several of them and will discuss at the meeting.

Cost Avoidance / Cost Reduction Points – The City can Waive or reduce fees for:

- *Donation or waiver of project specific fees*
- *Donation or waiver of project specific assessment / infrastructure costs*
- *Density Bonus*
- *Flexibility in Zoning Code Requirements*
- *SAC and WAC reductions*
- *Fast Tracking the Building Permit process*
- Historic Tax credits

Readiness to Proceed Points – *Developer to work with City on these items.*

- Land Use and Zoning approvals (or it meets all zoning) -
- Title Work and survey
- Verification that all infrastructure is complete
- Draft Building Permits
- Executed Firm commitment letters from Providers of finance

The following are specific actions requested of the Bemidji HRA

The following items are requested of the local Section 8 Administrator which is usually the local HRA

- MHFA form – Cooperatively assist with marketing our units utilizing Waiting lists. HRA procedures are followed. Any costs of mailings etc are borne by the Developer.
 - a. Fill out and check appropriate boxes on the PHA Notice Form – HTC Form 11
 - b. Letter stating the HRA willingness to enter into a Cooperation Agreement

- Provision of Project Based Assistance (PBA) – if available, the HRA can provided PBA units to gain points. Points are awarded based on number of units provided.

Specific Requests of the County HRA

- a. Agreement to sell the land
 - The HRA can agree to donate the land or portion of the cost to the development.- state estimated value of contribution.
 - The HRA can agree to a Deferred Loan or a reduction if the assessments for the development to be paid from proceeds if the project is sold and if there is money remaining.

CITY OF BEMIDJI
RESOLUTION NO. _____

A RESOLUTION SUPPORTING A TAX CREDIT APPLICATION
FOR A MULTI-FAMILY HOUSING PROJECT

A RESOLUTION supporting a Tax Credit Application for a Unit Multi-Family Housing Project to be known as Pine Haven Townhomes.

WHEREAS, Pine Haven Townhomes of Bemidji Limited Partnership has proposed to build a _30_ unit Multi-Family housing development in the City of Bemidji; and

WHEREAS, the housing proposal was presented to the Bemidji City Council and received support of that group; and

WHEREAS, the City Council believes the housing proposal meets the needs of the City of Bemidji identified in a Housing Study completed by Woods Consulting in 2009 and to be updated in 2010 and is hereby found to be in short supply; and

WHEREAS, the success of the application is predicated on local support of the proposal

NOW THEREFORE, BE IT RESOLVED that the City of Bemidji, City Council supports the application for the tax credits for an approximate 30 unit multi-family housing project to be known as Pine Haven Townhomes.

BE It FURTHER RESOLVED that the Bemidji City Council agrees to:

- 1) Donate a portion of the Building Permit Fees, and
- 2) Donate all or portion of the SAC WAC fees for the development, and
- 3) Fast Track the Building Permit Process, if necessary.
- 4) No major extension of City Utility lines will be necessary

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF _____
ON THIS ___ DAY OF _____ 2010.

BY:

ATTEST:

EXAMPLE THRESHOLD LETTER

- on City Letter head - EXAMPLE provided by MHFA

Minnesota Housing Finance Agency
400 Sibley St.
Suite 300
St. Paul, MN 55101-1998

RE: (Development Name)

Dear _____.

The _____ City Council, at its meeting held on __ (Date) __, has reviewed and endorsed the housing development proposal of (Name of Development) which proposes (Specify Unit Count and Type of Construction) within the city of (Proposal Location). This endorsement is based upon the findings that the project will meet locally identified housing needs and that the proposed housing is in short supply in the local housing market. This need is evidenced by *(State Sources and Authors of Credible Data such as Recent Housing Study, Housing Survey, etc.)*.

(Include if Applicable) The City also proposes local financial assistance for this project as part of its endorsement through the use of tax increment financing. The (Name of City) City Council has approved the allocation of \$ _____ in tax financing for a term of _____ years for the (Name of Development) proposal. This assistance will be in the form of (Specify Lump Sum or Pay-As-You Go) tax increment financing.

The City Council endorsement is evidenced by the City Council Approval of Resolution (Number), a copy of which is included with this letter.

(Include, if this is accurate). The project will be built utilizing existing sewer and water lines and not require any substantial extension of public utilities.

Sincerely,

Authorized City Representative

Commonly provided additional statements

- *The City agrees to Fast Track the Building Permit Process, if necessary.*
- *No substantial extensions of existing sewer and water lines is anticipated*

Additional Statements could include:

- *(if applicable) Project is part of a larger revitalization effort -- Name of redevelopment area.*
- *Any reduction in fees or other city contributions -- state estimated value.*
- *Any considerations relating to Readiness to Proceed.*

Strategic Plan Update

In January, the council held a strategic planning session with Jim Brimeyer. Here is an update on where we are with the five highest priority issues:

South Shore Redevelopment – 36 points

- Marketing brochure has been completed and is being distributed to real estate agents in the region.
- Continue to work with a hotel developer who is looking at an attached hotel and restaurant.
- Assessing if a firm to assist with developing a comprehensive marketing plan is needed. Will assess response from our realtor mailing before proceeding.
- Signs are currently being painted to post at the site
- Land is listed on the city website and also on the statewide MnPro website

Develop Contingency Plan to deal with the additional loss of LGA – 28 points

- Staff developed recommendations and options for dealing with an additional \$581,000 of LGA reductions in 2010 and \$881,000 in 2011.
- Council acted to balance the 2010 budget within these parameters.
- Legislation reducing cuts has been ignored pending possible unallotment and additional state budget shortfalls.
- Further planning will follow any relevant legislation.

Be more aggressive with annexation beyond current plan – 26 points

- Council moved to delay action until 2012
- Meeting with townships scheduled to discuss renegotiation of terms.
- Working with JPB to annex Cenex south property ASAP.

Ensure Quality Neighborhood Initiative Project moves forward – 25 points

- Meetings with the HRDC and Bonestroo have the process moving forward.
- The JPB has stepped forward to coordinate much of the process.
- Recommendations for two local steering committees should be coming out soon.

Promote and Market the BREC – 18 points

- Venuworks has recently hired Dave Beaupre, who will be working with Bob LeBarron to promote the BREC.
- Scheduling of events has, so far, exceeded initial expectations.