

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

REGULAR MEETING OF THE COMMUNITY DEVELOPMENT COMMITTEE
March 2, 2009

Committee Members Present: **Chair Natalie Steffen; Vice-Chair, Annette Meeks; Georgeanne Hilker; Tony Pistilli; Daniel Wolter; Richard Aguilar; Polly Bowles**

CALL TO ORDER

A quorum being present, Chair Steffen called the regular meeting of the Council's Community Development Committee to order at 4:05 p.m. on Monday, March 2, 2008.

Chair Steffen requested a change in the order of items on the agenda to allow an interruption for the information item presentation of Michael Haley. Starting the meeting with business item 2009-72 Columbia Heights

APPROVAL OF AGENDA AND MINUTES

It was moved by Bowles seconded by Meeks, to approve the agenda. **The motion carried.**

It was moved by Meeks, seconded by Wolter to approve the minutes of the February 17, 2009 regular meeting of the Community Development Committee. **The motion carried.**

BUSINESS

2009-72 City of Columbia Heights Request to Amend Grand Central Lofts LCDA Project Grant No. SG006-166 Paul Burns, Livable Communities Manager, presented an overview of the request from the City of Columbia Heights, submitted to the Council on January 30, 2009, for an amendment to the Grand Central Lofts LCDA project grant agreement. The grant award of \$974,369 was made in 2006 to help fund a two-story, 230-space publicly-owned parking ramp which would support 47,698 square feet of retail, office and restaurant space in two buildings. An administrative amendment to extend the grant to 12/31/09 was executed on 12/5/08. In October 2008, staff also approved a change in ownership of the ramp from public to private, with an executed easement agreement guaranteeing public use of the ramp.

Due to changing market conditions, the developer and the City have now proposed down sizing the development to 35,000 square feet of retail/commercial/office space with a 180 stall-parking ramp. Mr. Burns reported to the Committee that Chair Steffen had appointed Review Panel, composed of Council Members Steffen, Bowles and Pistilli, that met on February 17 and February 25, 2009 to consider the City's request. He then indicated that the Review Panel recommended approving the request, but with a reduction of the amount of the grant in proportion to the reduction in the size of the parking ramp the grant is helping fund.

Chair Steffen explained some of the considerations for modifying a grant request, such as extension or configuration of a project, and remarked that she had a conversation with Columbia Heights and the city will seek further funding from private investors to make up the difference.

Bowles moved, seconded by Pistilli that the Metropolitan Council adopt the review panel recommendations. **The motion carried.**

2009-50 City of Loretto 2030 Comprehensive Plan Update Review File No. 20466-1 Freya Thamman, Planning Analyst presented the report and the proposed actions to the Community Development Committee.

Recommendation of the Community Development Committee:

1. Authorize the City of Loretto to put its 2030 Comprehensive Plan Update into effect;
2. Advise the City to:

- a. Inform the Council of the dates when the Pioneer Sarah Creek Watershed Management Commission approves the final version of the Local Surface Water Management Plan, the date the City adopts the plan and send a final copy of the plan.
- b. Continue to implement conservation programs targeted at reducing residential water use.

Recommendation of the Environment Committee:

Approve the City's Tier II Comprehensive Sewer Plan.

Chair Steffen inquired about schedule for the Environment Committee and then Metropolitan Council. Ms. Thamman confirmed this item will be presented to the Environment Committee on March 10th and the Metropolitan Council on March 25th.

Meeks moved, seconded by Pistilli that the Metropolitan Council adopt the recommendations of the Community Development Committee and advisory comments related to water supply and water management. **The motion carried.**

2009-52 City of St. Anthony Village 2030 Comprehensive Plan Update Review File No. 20139-1 Denise P. Engen, Senior Planner presented the report and the proposed actions to the Community Development **Committee.**

Recommendation of the Community Development Committee:

1. Authorize the City of St. Anthony to put its 2030 Comprehensive Plan Update into effect;
2. Advise the City to:
 - c. Revise the Update to reflect the corrections listed for transportation.
 - d. Notify the Council when the wastewater diversion structure at Council Meter M105 is abandoned in 2009.
 - e. Inform the Council when the watersheds approved the City's Water Resources Management Plan (WRMP), and send the Council a copy of the final WRMP if it has been revised since the Council's September 2008 review.
 - f. Continue to implement conservation programs targeted at reducing residential water use.

Recommendation of the Environment Committee:

Approve the City's Tier II Comprehensive Sewer Plan.

Meeks inquired about the "private open space" area shown on the City's Future Land Use Map. Chair Steffen knew the area and remarked the developed near Apache Plaza has an amphitheatre, with a performing stage.

Meeks moved, seconded by Hiker that the Metropolitan Council adopt the attached Advisory Comments and Review Record. **The motion carried.**

2009-65 Denmark Township 2030 Comprehensive Plan Update Review File No. 20412-1 Susan Hoyt, Principal Reviewer (651-602-1330)

Susan Hoyt, Planning Analyst presented the Denmark Township 2030 Comprehensive Plan Update and the recommendations.

Recommendation of the Community Development Committee:

Authorize Denmark Township to put its 2030 Comprehensive Plan Update into effect.

Hilker moved, seconded by Wolter, that the Metropolitan Council adopt the Review Record and the recommendations of the Community Development Committee. **The motion carried.**

2009-86 Guidelines for Additional Extensions to Local Governments to Complete Local Comprehensive Plan Updates
Phyllis Hanson, Manager, Local Planning Assistance presented the report and proposed actions to the Committee of the following guidelines for local units of government that request an additional extension to the deadline for submitting comprehensive plan updates:

Staff is authorized to administratively grant additional extensions up to May 29, 2009 for submittal of the 2008 comprehensive plan update and to further amend a planning grant agreement as needed, if a community: (a) submitted an initial extension request and required materials by November 1, 2008; and (b) was granted an administrative extension.

Bowles moved, seconded by Hilker that Metropolitan Council adopt the guidelines for local units of government that request an additional extension to the deadline for submitting comprehensive plan updates. **The motion carried.**

INFORMATION

Single Family Support Trends and Issues

Michael Haley, Assistant Commissioner of Housing provided a presentation of the current Single Family Support Trends and Issues facing homeowners. Mr. Haley explained market trends in the Twin Cities area; reduced home values, mortgage lenders, Capital market trends and the impact on Minnesota Housing; difficulties in raising capital, increased risk. He provided data on Metro area foreclosures and the impact; destabilized neighborhoods and home prices, sheriff sales, geographic data indicating high need zip codes. Then Mr. Haley discussed the resources available to current homeowners and potential home buyers. He highlighted the Community Revitalization Fund and explained Affordability Gap, Value Gap and subsequent funding options.

Mr. Haley explained the formula used in MN Housing decisions regarding the Affordability Gap and Value Gap cap issue, the issue that prompted Council Member Pistilli to invite Mr. Haley to the Committee last December. Mr. Haley explained the unusual circumstances in the market and the difficulties in formulating reasonable funding caps in single and multi family homes.

Chair Steffen asked if a formula takes into consideration all available funding that has been developed for Multi-family homes. Pistilli indicated his disagreement with the current gap funding practices. Mr. Haley responded with an explanation of rehab costs; soil clean up, demolition, and rehabilitation. Chair Steffen mentioned LUAC recommendations from its members, and concerns involving densities, ordinances, and Mr. Haley responded with three reactions concerning implementation; community acceptance, market, and local support.

Aguilar questioned the future of the emerging market homeowners' initiative program, and the crisis facing lending institutions, due to bad loans and the affect on minorities within the Twin Cities. Mr. Haley explained the influence of mortgage brokers and the differing products that were offered to customers, some victimizing homeowners, and not the lending institutions. Chair Steffen, reiterated the difficulties in meeting the need for affordable housing in this volatile climate.

BUSINESS

2009-57 2008 Unified Operating Budget Amendment

Guy Peterson, Director of the Community Development Division proposed to the Committee the following amendment to the 2008 Unified Operating Budget:

1. Increase authorized expenditures and revenue in the FAHP as described in the business item, and
2. Carry forward \$255K in budget authority from 2008.

Chair Steffen asked how the insurance reimbursements for storm damage to some units will appear on the financials. Terri Smith, HRA assistant manager, explained that the insurance reimbursements would show as a negative expense (credit) not as a revenue source in '09.

Chair Steffen questioned why the tenant turnover rate was so much higher in 2008. Ms. Smith explained that this was impacted by the Council taking action to terminate leases for noncompliance in combination with residents deciding to

move back closer to or into the central cities where most of their social and support systems are located. This is an intrinsic complication of the FAHP units because the Hollman Consent Decree requires the units to be first marketed to Minneapolis residents.

Bowles moved, seconded by Pistilli that the Metropolitan Council amend the 2008 Unified Operating Budget as indicated in the business item. **The motion carried.**

INFORMATION

Overview of Foreclosures in the Twin Cities (Libby Starling 651 602-1135)

Libby Starling, Research Manager, provided a presentation regarding Foreclosure trends. She started with the new causes of foreclosures; predatory mortgage brokers, exotic mortgages, home equity cash-outs, falling home values, versus traditional causes; unemployment, financial crisis. The increases in foreclosures from years 2005-2008 went from 4,000 to 17,000, a total increase of 359%.

Affects of foreclosures includes insider effects; borrowers, note holders, and outsider effects; municipalities, local businesses, and the social cost to local governments and neighboring property owners. However more funding is becoming available for troubled homeowners, including loan modifications.

The forecasts includes rising foreclosures, loss mitigation efforts by lenders, increasing unemployment, falling homes prices, and underwater borrowers.

Pistilli commented on a report he read regarding loan modifications, those loans were defaulted by the homeowners even after the modifications. And he is concern about continued funding homes that the owners cannot afford.

ADJOURNMENT

The next regularly scheduled CDC meeting will be held on Monday, March 16, 2009 at 4:00 p.m. in the Council Chambers.

Business completed Chair Steffen adjourned the meeting at 5:40 p.m.

Respectfully submitted,

Michele Wenner
Recording Secretary