

C Community Development Committee
Meeting date: May 17, 2010

ADVISORY INFORMATION	
Date:	May 12, 2010
Subject:	Washington County HRA Request for Extension of Time to Acquire Property Under LAAND Loan Award (Paul Burns 651-602-1106)
District(s), Member(s):	District 12, Washington County, Sherry Broecker
Policy/Legal Reference:	Livable Communities Act, Minnesota Statutes 473.253
Staff Prepared/Presented:	Paul Burns, Manager, Livable Communities Program (651-602-1106)
Division/Department:	Housing and Livable Communities/Community Development

Proposed Action

That the Metropolitan Council approve the request by the Washington County Housing and Redevelopment Authority (HRA) to extend from June 30, 2010 to December 31, 2010 the deadline for acquisition of a parcel of land under the Metropolitan Council's Land Acquisition for Affordable New Development (LAAND) Loan program award to the HRA, subject to the HRA submitting to the Council, by September 30, 2010, a copy of a Letter of Intent between the property owner and the HRA to acquire the property.

Background

On November 12, 2008, the Council awarded a LAAND loan to the Washington County HRA in the amount of \$1,060,000 for land acquisition for affordable housing projects at the Headwaters PUD in Forest Lake and a site in Woodbury along the 494/94 corridor.

A requirement of the loan award is that the Applicant must complete its purchase of the property no later than one year after the date the Applicant was awarded a LAAND loan. The Council approved an extension to June 30, 2010 on October 28, 2009.

Rationale

The County HRA has been diligently pursuing the acquisition of parcels at both sites and recently closed the loan for the acquisition of the Forest Lake site. However, due to complications in narrowing down candidate sites and the negotiation of a sale price for the Woodbury site, the HRA is requesting a second extension to finalize the acquisition of that parcel. A copy of their request is attached. Council staff have been in contact with the HRA staff during this process and recommends approval of the extension request.

Funding

The original loan award was \$1,060,000, with a condition that "If the Forest Lake site does not meet the Metropolitan Council's LAAND criteria, the maximum award amount to the Washington County HRA will be up to \$440,000 for the Woodbury site that meets the criteria." The condition was meant to ensure the Applicant would not use most of the funds to acquire only one site, since the loan award envisioned two. The Forest Lake site was recently acquired for \$543,500 (the original estimate was \$620,000). The condition has been met and the amount available for the Woodbury site is up to \$516,500.

Known Support / Opposition

Staff is not aware of any opposition.



May 7, 2010

Mr. Paul Burns, AICP
Manager, Livable Communities Program
Metropolitan Council
390 Robert Street North
St. Paul, MN 55101-1805

RE: Request for LAAND Program Extension for Woodbury Acquisition

Dear Paul:

The Washington County HRA (the Authority) requests an extension to December 31, 2010 to complete the acquisition of a parcel in the Woodbury target area under the LAAND program, subject to the submission of a fully executed Letter of Intent between the landowner and the Authority to Metropolitan Council staff by June 30, 2010.

The Authority has identified a site that is very well suited for the development of affordable multifamily housing and has been negotiating with the owner as well as completing the necessary due diligence steps to acquire the property. The landowner is now evaluating a Letter of Intent from the Authority to acquire the property. In recognition of the need to be timely with the LAAND funding award, the Authority suggests that the extension be conditioned upon submission of a copy of a fully executed Letter of Intent to Metropolitan Council staff by June 30, 2010. If the landowner does not sign the Letter of Intent by this time, then the Authority understands that the Woodbury funding award under the LAAND program is terminated.

LAAND Program Work Completed to Date and Proposed Site

The Metropolitan Council authorized up to \$1,060,000 in LAAND funds for two acquisitions in Forest Lake and Woodbury. Since the LAAND application was approved, the Forest Lake parcel closed at the end of April with a loan amount less than authorized (\$543,000 versus \$620,000). The Authority has worked in close cooperation with the City of Woodbury to find suitable parcels within the Woodbury target area. A majority of parcels evaluated were very large and would require subdivision that would entail "ghost platting"; property owners were not prepared to move forward with specific development plans. Other areas required multiple acquisitions that would exceed the allocated loan amount.

The proposed property for acquisition is located at 7987 Afton Road, which is located in the southwest corner of the Valley Creek and Tower Drive intersection. The proposed development would be a 30 unit three story multifamily building with underground parking. Several factors make this an excellent location for a multifamily development well suited for the program:

- 1) A park and ride facility is .6 miles west of the site along Valley Creek Road providing easy pedestrian or vehicle access to key transit routes (351, 353, 355);
- 2) There are three major commercial and employment centers located within a short distance from the site;
- 3) A daycare facility is located immediately across the street from the site and can provide critical child care for working parents;
- 4) It is located on an arterial road (Valley Creek Road) at the edge of a neighborhood, thereby acting as a buffer for the neighborhoods behind it.

The attachments depict the location of the parcel in relationship to transit, employment centers and the I-494/I-94 corridor. A concept plan of the proposed affordable housing is also attached.

Rationale for Extension Request

There are several factors that make this acquisition more complex than originally anticipated. First, the landowner has lived at the property for 40 years and wants to remain on the property through the end of this year before relocating to a new home (depending on the timing of the owner's move, the Authority may lease the existing home back to the owner). The landowner also has family members he must consult with prior to finalizing a decision.

Second, the City of Woodbury has allocated \$85,000 in Community Development Block Grant Funds (CDBG) towards the project; however, in order to comply with the CDBG funding requirement, the NEPA Environmental Review must be completed before closing on the property. This process will take four to five months to complete and will not start until a purchase agreement has been executed. As a result the closing date for this property can not take place until later this year.

Third, the value is driven in large part due to the amount of density that can be achieved, and the Authority will be initiating the necessary land use approvals once the Letter of Intent is executed. The Authority and city staff has had several discussions to determine the appropriate level of density for the site. The Authority's request to the City for increased density and approval of the project will be consistent with city direction. This approval process will be completed early this summer and upon completion, the Authority will complete the required appraisal.

Progress on Other Met Council Funding Awards

The Authority has made significant progress on one other funding award for the Livable Communities Demonstration Account. The Authority and the City of Forest Lake are completing the financing approval process in time for the July 1, 2010 deadline as required by the Livable Communities Demonstration Account grant for \$700,000 in order to construct the 70 unit affordable senior housing project.

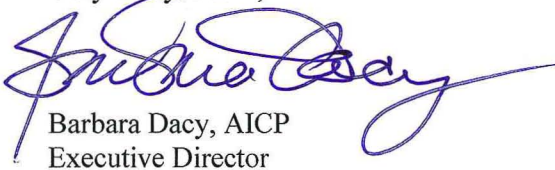
Summary

While the parcel is a perfect fit under the LAAND program, the Authority must take into account the current landowner's needs as well as complete necessary city approvals prior to closing. The Authority has been diligent in attempting to meet the Met Council previous deadline and is very grateful for the previous extension.

It is respectfully requested that a six month extension be granted to December 31, 2010 with the contingency of a fully executed Letter of Intent be submitted by June 30, 2010. If the landowner does not sign the Letter of Intent by June 30, 2010, then the Authority understands that the Woodbury funding award under the LAAND program is terminated.

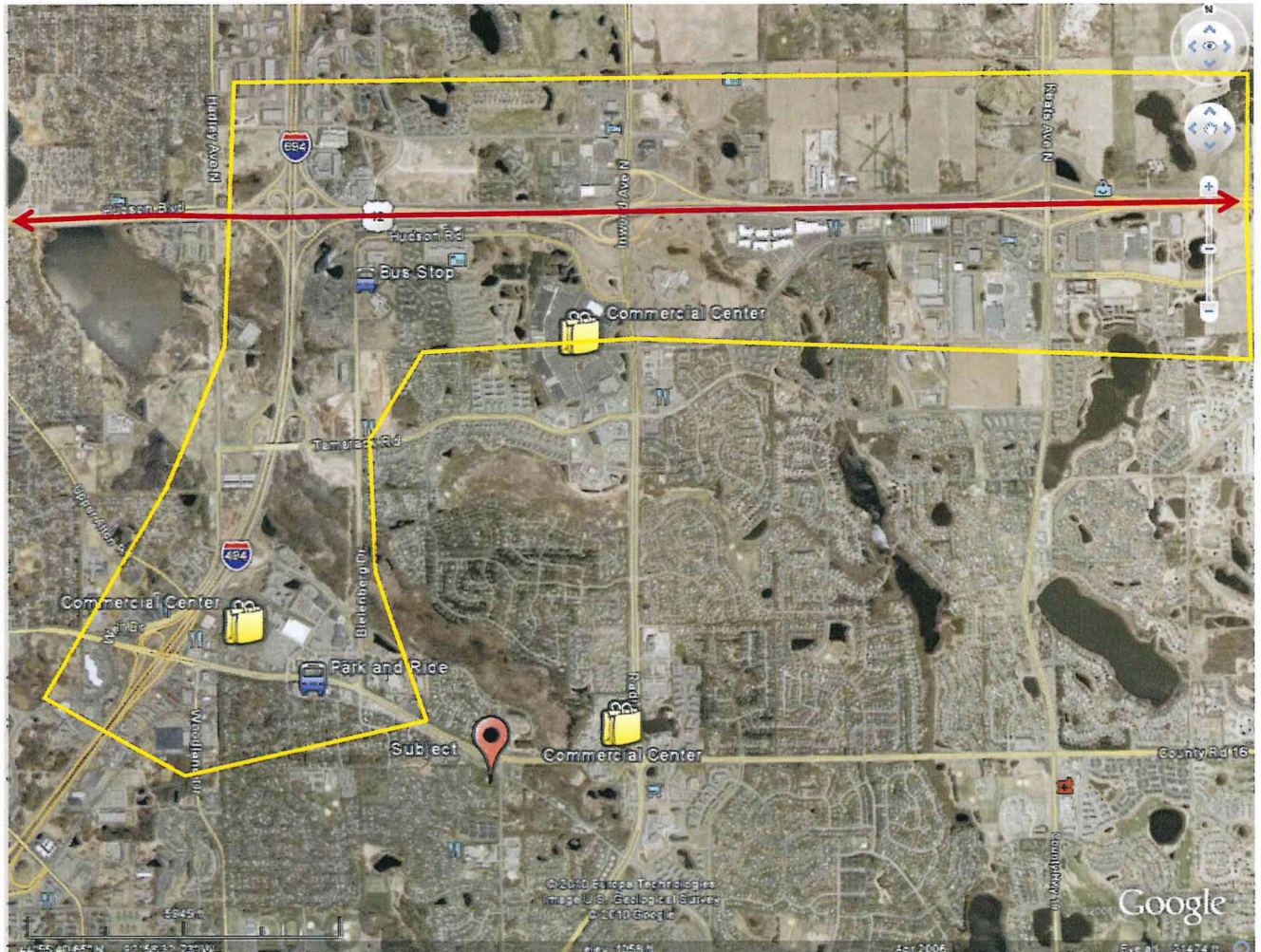
Should you need further information, do not hesitate to contact me.



Very Truly Yours,



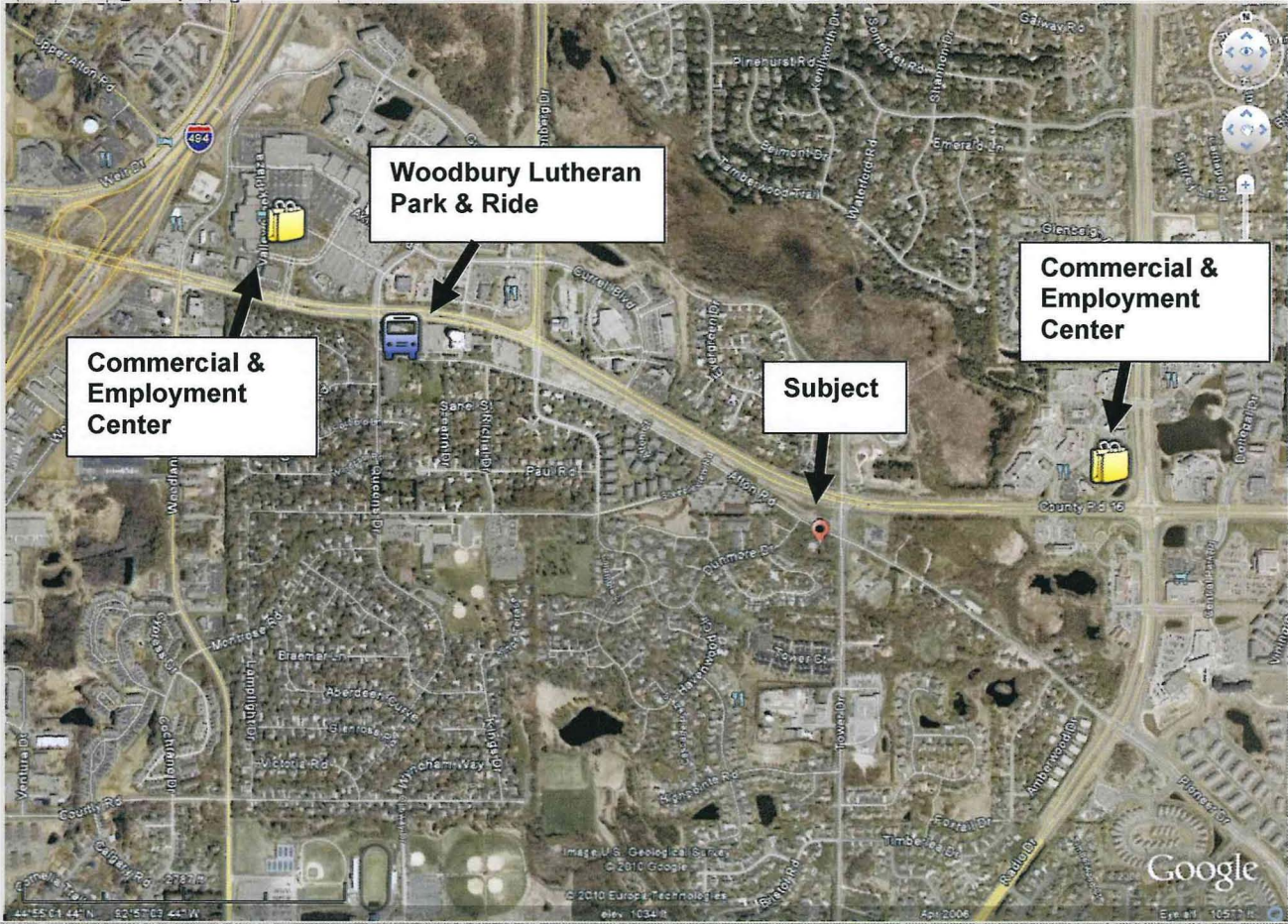
Barbara Dacy, AICP
Executive Director

ATTACHMENT #1: WOODBURY TARGET AREA AND PROPOSED SITE

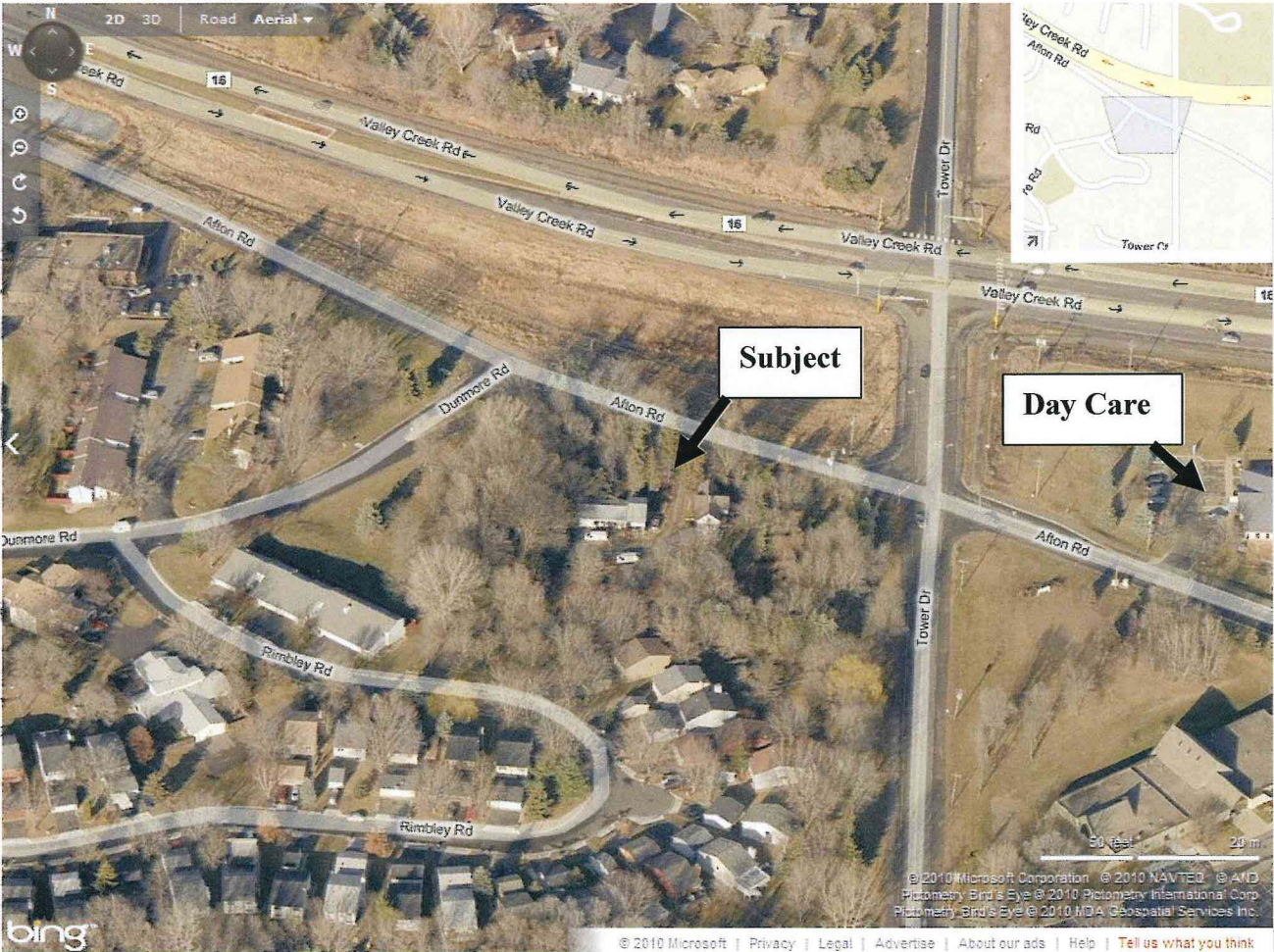


-  = 1/2 border of transit lines submitted with application
-  = City of Woodbury border

ATTACHMENT #2 RELATIONSHIP TO TRANSIT AND EMPLOYMENT CENTERS



ATTACHMENT #3: Carey Homestead 7987 Afton Road



ATTACHMENT #4: PROPOSED SITE DESIGN

