

**C** Community Development Committee  
Meeting date: November 16, 2009

ADVISORY INFORMATION	
<b>Date:</b>	November 12, 2009
<b>Subject:</b>	City of Forest Lake Request for Extension of the LCDA grant for Washington County Senior Housing / Headwaters, SG007-119
<b>District(s), Member(s):</b>	District 12 - Sherry Broecker
<b>Policy/Legal Reference:</b>	473.253 Livable Communities Demonstration Account
<b>Staff Prepared/Presented:</b>	Guy Peterson, Director, Community Development Division (651-602-1418) Beth Reetz, Housing and Livable Communities Director (651-602-1060) Deb Jensen, Livable Communities Grant Administrator (651-602-1554)
<b>Division/Department:</b>	Housing and Livable Communities/Community Development

**Proposed Action**

That the Metropolitan Council approve a first and second extension to December 31, 2011, for the Livable Communities Demonstration Account (LCDA) grant #SG007-119 to the City of Forest Lake, for the Washington County Senior Housing / Headwaters project, with the conditions that:

- the City will deliver to the Council documentation of full project financing and an executed development agreement by July 1, 2010; and
- no grant funds will be disbursed until the executed development agreement and documentation of full financing have been delivered to the Council and that the grant shall terminate if either documentation element is not delivered by July 1, 2010.

**Background**

The Metropolitan Council awarded the City of Forest Lake a \$700,000 LCDA grant on December 12, 2007 to partner with the Washington County Housing and Redevelopment Authority (Authority) for land acquisition in support of a 60-unit affordable senior housing facility. On October 2, 2009, Livable Communities staff received a request to extend the grant for two years, to December 31, 2011.

The City and the Authority report that the affordable senior housing project was ready to proceed in the fall of 2008; however, the downturn in the economy negatively affected key funding sources. A two year extension is requested because of two factors: 1) To obtain the balance of the financing, including a tax exempt bond from the Department of Finance, which cannot be initiated until after May 15, 2010, and Low Income Housing Tax Credit investment; and 2) to support a 12-month construction period. The Authority has identified an investor for the 4% tax credits.

**Rationale**

Procedures for processing Livable Communities grant extensions beyond the first one-year administrative extension require the approval of the governing body. Because this

request is for two years, staff is treating the request as a simultaneous administrative extension and a subsequent extension, and therefore it must be approved by the Metropolitan Council.

Council procedure established in August 2009 requires the following elements for subsequent extensions:

Required Element	Grantee response																		
A resolution from the grantee's governing body in support of the extension containing all of the following items:	Staff has received a City resolution containing the items detailed below.																		
Assurance of site control	The County HRA has a signed purchase agreement valid with the land owner through 12/31/2010.																		
Secured financing	<p>The \$700,000 LCDA grant will finance 65% of the land acquisition.</p> <p>Financing sources:</p> <table> <tr> <td>General Obligation Bonds*</td> <td>\$9,021,635</td> </tr> <tr> <td>LIHTC Equity*</td> <td>1,890,000</td> </tr> <tr> <td>HOME (HUD)</td> <td>200,000</td> </tr> <tr> <td>City of Forest Lake</td> <td>162,000</td> </tr> <tr> <td>Met Council LCDA Grant</td> <td>700,000</td> </tr> <tr> <td>Section 108 Loan (HUD)</td> <td>675,000</td> </tr> <tr> <td>HRA Loan</td> <td>456,750</td> </tr> <tr> <td>HRA GROW Deferred Loan</td> <td><u>1,500,000</u></td> </tr> <tr> <td>Total</td> <td>\$14,605,385</td> </tr> </table> <p>* These remain to be secured</p>	General Obligation Bonds*	\$9,021,635	LIHTC Equity*	1,890,000	HOME (HUD)	200,000	City of Forest Lake	162,000	Met Council LCDA Grant	700,000	Section 108 Loan (HUD)	675,000	HRA Loan	456,750	HRA GROW Deferred Loan	<u>1,500,000</u>	Total	\$14,605,385
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Development agreement	The City has prepared a development agreement and sent it to the County HRA for signature.																		
Assurance that significant progress and/or public and/or private investment, expenditures or obligations have been made or committed to complete the Grant-Funded Activities and Project identified in the grant agreement.	<ul style="list-style-type: none"> <li>• Zoning approval: Completed 12/2007</li> <li>• Site control: Purchase agreement in place</li> <li>• Architectural/Construction Documents: Completed 9/2008</li> <li>• Proposed closing date: July 2010</li> <li>• Proposed construction completion: August 2011</li> </ul>																		

### Funding

This request would have no impact on the original \$700,000 grant award. The City has not made any draw requests against the grant.

### Known Support / Opposition

There is no known opposition.

**CITY OF FOREST LAKE  
RESOLUTION NO. 9-28-09-02**

**WHEREAS**, the City of Forest Lake (the "City") in direct support of and in partnership with the Washington County Housing and Redevelopment Authority (the "Authority") applied for and obtained \$700,000 in Livable Communities Demonstration Account Grant Funds for land acquisition to support the development of affordable senior housing in Headwaters Development in Forest Lake; and

**WHEREAS**, the City is committed to meeting its affordable housing goals as set out by its Comprehensive Plan and related studies; and

**WHEREAS**, the City and the Authority are working together to meet the growing needs of affordable housing, especially for low and moderate income seniors in the region; and

**WHEREAS**, the project to be known as Trailside Senior Living will be financed, constructed and owned by the Authority upon its completion; and

**WHEREAS**, the following actions have been taken by the City and Authority to move the project forward including:

1. The City has approved development plans including site plan review and platting meeting requirements of the Headwaters PUD and Forest Lake development regulations;
2. The City has consented to the creation of a Housing Tax Increment District by Washington County (the "County") to assist with funding the project;
3. The Authority has prepared and approved building plans, which have been submitted for building permit issuance;
4. A development agreement between the City and the Authority has been prepared and forwarded to the Authority for execution;
5. The Authority entered into a purchase agreement in 2008 with the land owner and has subsequently obtained extensions to maintain site control until December 31, 2010; and

**WHEREAS**, the City and the Authority continue to collaboratively plan and to evaluate alternative financing proposals to initiate construction in the year 2010 and project completion by December 2011;

**NOW THEREFORE BE IT RESOLVED**, the City of Forest Lake with full support of the Washington County HRA is formally requesting the Metropolitan Council to award a two year extension based on the executed grant agreement from December 31, 2009 to December 31, 2011.

Adopted by the City Council of the City of Forest Lake this 28<sup>th</sup> day of September, 2009.



CHARLES P. ROBINSON,  
City Clerk/Administrator

  
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STEV STEGNER, Mayor