

**ST. LOUIS COUNTY  
HOUSING AND REDEVELOPMENT AUTHORITY**

**AGENDA**

**July 6, 2021  
9:40 a.m.**

1. Call to Order
2. Approve minutes of May 4, 2021 meeting
3. Hibbing HRA – Public Housing Rehabilitation (21-04)

Adjourn:

**ST. LOUIS COUNTY HOUSING AND REDEVELOPMENT AUTHORITY (HRA)  
PROCEEDINGS**

Tuesday, May 4, 2021

The St. Louis County Housing and Redevelopment Authority (HRA), met this 4<sup>th</sup> day of May 2021, at 9:58 a.m., at the St. Louis County Government Services Center, Duluth, Minnesota, with the following members present: Commissioners Frank Jewell, Patrick Boyle, Ashley Grimm, Paul McDonald, Keith Musolf, Mike Jugovich and Chair Keith Nelson - 7. Absent: None - 0.

Commissioner Jugovich, supported by Commissioner Musolf, moved to approve the minutes from the March 23, 2021, HRA meeting. The motion passed; seven yeas, zero nays.

Commissioner McDonald, supported by Commissioner Jugovich, moved that the HRA authorizes the Executive Director and County Attorney to negotiate a \$12,000 funding agreement with the Town of Embarrass for a public restroom facilities rehabilitation project; that the appropriate County HRA officials and a representative of the County Attorney are authorized to execute the funding agreement on behalf of the St. Louis County HRA, along with all the necessary documents related thereto; and, further, that funds, as needed, be transferred from HRA fund balance and be paid from HRA Fund 250, Agency 251001. HRA Director Matthew Johnson said that this project is a slight deviation from typical housing projects; however, the County HRA has authority to fund this project under Minnesota Statute, Chapter 469, Economic Development. Chair Nelson noted that the County HRA funded \$10,000 for a similar project at the Wirtanen Pioneer Farm approximately fifteen years ago. Commissioner McDonald commented that the location is popular and eventually will be a hub for ATV trails and the Mesabi Trail. After further discussion, the motion passed; seven yeas, zero nays. HRA Resolution No. 21-03.

**HRA RESOLUTION No. 21-03**

WHEREAS, The Town of Embarrass has requested \$12,000 from the St. Louis County Housing and Redevelopment Authority (HRA) for the rehabilitation of the township public restroom facilities; and

WHEREAS, The Town of Embarrass public restroom facilities are in need of replacement and have been closed down to protect the health and safety of the public; and

WHEREAS, The Town of Embarrass public restroom facilities are adjacent to the township's Visitor Center and is used by the general public; and

WHEREAS, The project is considered a redevelopment project and is eligible for HRA funding under Minn. Stat. § 469.002, Subd. 14, (5)-iii; and

WHEREAS, The HRA has available funding for such projects.

THEREFORE, BE IT RESOLVED, That the HRA authorizes the Executive Director and County Attorney to negotiate a \$12,000 funding agreement.

RESOLVED FURTHER, That the appropriate County HRA officials and a representative of the County Attorney are authorized to execute the funding agreement on behalf of the St. Louis County HRA, along with all the necessary documents related thereto.

RESOLVED FURTHER, That funds, as needed, be transferred from HRA fund balance and be paid from HRA Fund 250, Agency 251001.

Unanimously adopted May 4, 2021.

At 10:07 a.m., May 4, 2021, Commissioner Jewell, supported by Commissioner Jugovich, moved to adjourn the meeting. The motion passed; seven yeas, zero nays.

---

Keith Nelson, Chair of the St. Louis County HRA

---

Phil Chapman, Deputy Auditor/Clerk of the St. Louis County HRA

# HRA BOARD LETTER NO. 21 - 04

**DATE:** July 6, 2021

**RE:** Hibbing HRA  
Public Housing Rehab

**FROM:** Matthew E. Johnson  
Planning and Community Development Director  
HRA Executive Director

## **RELATED DEPARTMENT GOAL:**

To encourage, maintain, and expand economic and housing development opportunities, maximizing financial resources, and promoting strategies that result in an expanded tax base.

## **ACTION REQUESTED:**

The St. Louis County Housing and Redevelopment Authority (HRA) Board is requested to authorize funding to the Housing and Redevelopment Authority of Hibbing (Hibbing HRA). The Hibbing HRA is requesting a \$300,000 – \$500,000 forgivable loan for its New Haven Court Apartments project. The Hibbing HRA is also a designated Public Housing Authority (PHA) by the U.S. Department of Housing and Urban Development (HUD). These apartments were built in 1953 by the Hibbing HRA under the HUD's Public Housing Authority program and provide 102 subsidized public housing units for individuals and families located in the Greenhaven neighborhood of Hibbing.

The proposed New Haven Court Apartments project combines the rehabilitation of 42 of the existing units and demolition and reconstruction of 60 units. The opportunity for the project and its proposed financing come from reforms to HUD policy surrounding federal funding for its public housing programs.

HUD has historically provided an annual operating and capital fund improvement subsidy to rental units developed under its public housing programs. Decreased funding in HUD's capital program has prohibited the Hibbing HRA from making necessary repairs and improvements to the units resulting in substantial deterioration. The reduced capital funding and growing repair and improvement issues are not exclusive to the Hibbing HRA and are experienced nation-wide. Estimates by the National Low Income Housing Coalition place the backlog of repairs in HUD public housing at greater than \$70 billion and growing annually.

Lacking the money needed to make urgent repairs, HUD is now turning to alternative solutions in its effort to “reposition” public housing. HUD’s proposals include:

1. The Rental Assistance Demonstration Program (RAD)
2. Demolishing or selling public housing.
3. Conversion from public housing to rental subsidy vouchers (Section 8 Program)
4. The Section 32 Homeownership Program- PHA’s sell inventory to low-income individuals.

HUD has previously prohibited public housing authorities from seeking other public and private forms of financing for repairs and improvements. By repositioning public housing, HUD also removes this restriction and allows public/private investment to projects.

The Hibbing HRA is in the process of applying to the RAD Program. Obtaining technical assistance provided by HUD and HUD’s persistence in encouraging PHA’s to reposition their public housing, the Hibbing HRA is likely to receive assistance for the proposed project. RAD allows the Hibbing HRA to preserve the units for its tenants while also allowing it to seek non-HUD investment for repairs and maintenance. Instead of operating and repair subsidy, the HRA will receive rental assistance to subsidize the units. The rental assistance funding will create greater flexibility in financial management for the HRA and improve cash flow for unit repair and improvement.

Public housing provides a first line of solution to the need for affordable housing in many communities. While still strongly supported by the federal government, the reality is that federal funding available through taxes is not sufficient to sustain public housing programs. Linking that problem with public housing units typically being the oldest housing units in many communities, supports non-HUD investment to preserve public housing.

The County HRA has the statutory authority to fund an urban renewal project. The term "urban renewal project" may include undertakings and activities for the elimination or for the prevention of the development or spread of slums or blighted or deteriorating areas and may involve any work or undertaking for that purpose constituting a redevelopment project or any rehabilitation or conservation work. Under Minn. Stat. § 469.002, Subd. 14, (5)(i), redevelopment work can include “carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements.”

The current HRA uncommitted fund balance is \$619,836.81 and additional requests for access to this balance are in process of review.

#### **RECOMMENDATION:**

It is recommended that the HRA Board authorize the Executive Director and County Attorney to negotiate a funding agreement with the Hibbing HRA for \$150,000 to assist

with the New Haven Court Apartments project. Transfer of funds from the County HRA fund balance to be authorized as needed and payable from County HRA Fund 250, Agency 251001 and also authorize appropriate County HRA and St. Louis County officials to execute the funding agreement and documents related thereto.

## **HRA BOARD RESOLUTION NO.**

### **Hibbing HRA Public Housing Rehab**

BY COMMISSIONER \_\_\_\_\_

WHEREAS, The Housing and Redevelopment Authority of Hibbing (Hibbing HRA) has requested financial assistance from the St. Louis County Housing and Redevelopment Authority (HRA) for the New Haven Court Apartments project; and

WHEREAS, The Hibbing HRA has determined its current Haven Court Apartments require improvements ("redevelopment project") to protect resident health and safety and preserve the units ("redevelopment plan"); and

WHEREAS, The HRA desires to fund a portion of the redevelopment project pursuant to Minn. Stat. § 469.012, Subd. 1d; and

WHEREAS, The HRA has available funding for such projects and a limited fund balance available for the request.

THEREFORE, BE IT RESOLVED, That the HRA determines that the redevelopment request from the Hibbing HRA constitutes part of an urban renewal project and authorizes the Executive Director and County Attorney to negotiate a \$150,000 grant funding agreement contingent upon commitment of the additional project funding sources by May 1, 2023.

RESOLVED FURTHER, That the appropriate HRA officials and a representative of the County Attorney are authorized to execute the grant funding agreement on behalf of the HRA, along with all the necessary documents related thereto.

RESOLVED FURTHER, That funds as needed be transferred from HRA fund balance and be paid from HRA Fund 250, Agency 251001.



# Center City Housing Corp.

June 10, 2021

Matt Johnson  
St. Louis County HRA Director  
320 West 2nd Street, Suite 301  
Duluth, Minnesota 55802

Dear Matt,

Center City Housing Corp. is currently working as the developer for the Hibbing HRA. We are working with them to respond to the need to rehab and update 102 units of Public Housing in Hibbing. We have been working closely with Minnesota Housing Finance Agency to develop the most competitive project we can. Minnesota Housing looks very favorably on projects that have evidence of community support. We are currently working with the City of Hibbing and the IRRRB to secure additional funding for the project.

We are requesting \$300,000 - \$500,000 from the St. Louis County HRA. The total development Cost is over \$36 million. Support at this level from the HRA will be very helpful.

Please see the attached project narrative, sources and uses budget, and a project time line.

We appreciate the willingness of the St. Louis County HRA to consider this project. The need to preserve the affordable units for very low income people in Hibbing is critical.

Please let me know if you need any additional information or have any questions.

Sincerely,

Nancy Cashman  
Executive Director

105 1/2 WEST FIRST STREET  
DULUTH, MN 55802  
PHONE (218) 722-7161 : FAX (218) 720-3483

**NEW HAVEN COURT APARTMENTS  
HIBBING, MN  
NARRATIVE DESCRIPTION**

Haven Court Apartments were built in 1953. In 2017, the immediate repairs needs were estimated to be \$11 million. The uninflated total funds needed over 20 years for capital needs was an additional \$13 million. Due to significant site and drainage issues on the site not addressed by either of these cost estimates, and the inflation we now see in construction, and in much consultation with MHFA staff, it was determined that repairing all of the current buildings is not a viable option.

As a result, New Haven Court Apartments will be a combination of construction of new units replacing the ones in the worst repair and the renovation of some 11 buildings that were deemed acceptable by consultants. Thirteen of the existing buildings on site will be torn down, containing 60 units, and will be replaced by a new apartment building containing 36 one and two bedroom units and 6 new townhome buildings containing 24 units. The remaining 11 buildings, containing 42 units, will be significantly rehabilitated to serve the families who live there and avoid the ongoing maintenance issues faced by the Hibbing HRA as the current owners. The site will be reconfigured so the buildings with no fire access will be removed and parking lots will be built so that all units can be accommodated on site.

The new apartment building will be a 3-story, wood framed with an elevator and contain 25 one-bedroom units and 11 two-bedroom units as well as community spaces for gathering and office space for case management and other services. A central laundry will be provided on the first floor of the apartment building. For the town homes, an accessory building will contain a central laundry facility and a gathering space and offices. A playground will be added on site. The new construction of townhomes will be configured in groups of 3, 4, and 5 units and they will be 2-story woodframe buildings with exterior entrances. All of the new townhomes will be three and four bedroom units.

The project will be staged construction over 24 months to avoid extensive relocation costs for the existing residents. The first building built will be 3 new town homes and will be built on a vacant part of the current parcel. Upon completion, this will allow current residents of the one and two bedroom units to move from their units allowing the demolition of those units. The new construction of 2, 3 and 4 bedroom townhomes will fill in where the demolition took place and then the residents in the remaining units can move to the new units. The final units will be demolished, and landscaping completed, once all residents are moved into the new units. Site improvements will include drainage enhancements throughout the site, adding off street parking. Also, there is significant abatement involved.

## NEW HAVEN

### PROPOSED SOURCES & USES OF FUNDS

First Mortgage Financing MHFA	3,458,000
Syndication Proceeds	10,709,048
MHFA Super RFP	20,833,045
IRRB Demolition Grant	500,000
St Louis County	300,000
Sales Tax Rebate	399,717
Energy Rebates	10,000
<b>Total Permanent &amp; Construction Financing</b>	<b>36,209,810</b>

#### USES OF FUNDS COMPARISON

Land	1
Demolition and Remediation	1,500,000
Total Construction Costs	27,081,093
Contingency	1,895,677
Professional Fees Total	1,315,131
Developer Overhead and Fee Total	2,500,000
Syndication Costs	45,000
Financing Costs Total	1,165,941
Reserves Total	706,968
<b>TOTAL DEVELOPMENT COST</b>	<b>36,209,810</b>

Difference	0
------------	---

**TIME LINE**

MHFA Super RFP application	July 2021
IRRRB application	June 2021
City of Hibbing Fees waiver	June 2021
City of Hibbing commitment	June 2021
IRRRB commitment	July 2021
MHFA Award	December 2021
Closing process complete	October 2022
Construction start	October 2022
Construction completion	October 2024