Housing and Redevelopment Authority Meeting Agenda
April 13, 2022 | 7:00 p.m.
Council Chambers, Woodbury City Hall

This HRA meeting is taking place virtually and at Woodbury City Hall in the Council Chambers. Members of the public may attend the meeting in person and may also join the meeting using a PC, Mac, iPad, iPhone or Android device.

Public comments will be accepted during the meeting both in person and by using the link to the virtual meeting to join the meeting and then submit your questions via the online Q&A feature within the meeting.

Please note that all agenda times are estimates.

1. Call to Order
2. Roll Call
3. Consent Agenda

All items listed under the consent agenda are considered to be routine by the HRA Board and will be enacted by one motion and an affirmative vote by roll call of a majority of the members present. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event, the items will be removed from the consent agenda and considered a separate subject of discussion by the Board.

A. Approval of Minutes – January 26, 2022 HRA Meeting

4. Public Hearings

A. Authorizing the Issuance, Sale, and Delivery of Multifamily Housing Revenue Note (Orville Commons Project), Series 2022

Staff recommends the HRA adopt the attached HRA Resolution 22-03 Authorizing the Issuance, Sale, and Delivery of Its Multifamily Housing Revenue Note (Orville Commons Project), Series 2022; Approving the Form of and Authorizing the Execution and Delivery of Such Note and Related Documents; Providing for the Security, Rights, and Remedies with Respect to the Note; and Taking Certain Other Actions with Respect Thereto.

5. Discussion Agenda

A. Updates to the Woodbury HRA Loan Program Guidelines

6. Adjournment

The City of Woodbury HRA is subject to Title II of the Americans with Disabilities Act which prohibits discrimination on the basis of disability by public entities. The HRA is committed to full implementation of the Act to our services, programs, and activities. Information regarding the provision of the Americans with Disabilities Act is available from the Executive Director’s office at 651-714-3523. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator, Clinton P. Gridley at 651-714-3523 (TDD 651-714-3568) to make arrangements.
Pursuant to the due call and notice thereof, a regular meeting of the Woodbury Housing and Redevelopment Authority was duly held at the Woodbury City Hall, 8301 Valley Creek Road, on the 26th day of January 2022.

Call to Order

Chair Anne Burt called the meeting to order at 7:32 p.m.

Chair Burt welcomed those listening and attending. She said members of the public may attend the meeting but will be required to comply with social distancing parameters as determined by the City. Members of the public may also join the meeting using a PC, Mac, iPad, iPhone or Android device. Public comments will be accepted during the meeting both in person and by using the link to the virtual meeting to join the meeting and then submit your questions via the online Q&A feature within the meeting. Questions regarding the meeting will also be taken between the hours of 8:00 a.m. to 4:30 p.m. via email council@woodburymn.gov or call 651-714-3524 and leaving a voicemail message.

Roll Call

Upon roll call the following were present: Chair Anne Burt and Members Kim Wilson, Andrea Date, Steve Morris, Jennifer Santini. Absent: None.

Others Present: Kimberlee Blaeser, City Clerk; Clinton Gridley, HRA Executive Director; Janelle Schmitz, HRA Clerk; Karl Batalden, Housing and Economic Development Manager; and Pam Whitmore, City Attorney.

Consent Agenda

All items listed under the consent agenda are considered to be routine by the HRA Board and will be enacted by one motion and an affirmative vote by roll call of a majority of the members present. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event, the items will be removed from the consent agenda and considered a separate subject of discussion by the Board.

Item A To adopt the following resolution

Resolution 22-01

Resolution of the Housing and Redevelopment Authority of the City of Woodbury, Washington County, Minnesota, appointing the 2022 HRA officers.

Item B Approval of Minutes – December 8, 2021 HRA Meeting

Item C To adopt a motion designating CorTrust Bank as the HRA's depository of public funds for the year 2022.

Member Santini moved, seconded by Member Morris, to approve the Consent Agenda items.

Voting via voice:

Kim Wilson – aye
Andrea Date – aye
Steve Morris – aye
Jennifer Santini - aye
Anne Burt – aye

Public Hearings

No items scheduled
MINUTES

WOODBURY HOUSING AND REDEVELOPMENT AUTHORITY

January 26, 2022

Discussion

A. Approving Carryovers to the 2022 HRA Budget

Housing and Economic Development Manager Karl Batalden reviewed the proposed carry-over of $50,001 in funding to the Neighborhood Reinvestment Fund to provide capital to households for reinvestment in their homes, for projects in which loans were issued but construction was not completed in 2021.

Mr. Batalden stated City Staff recommends HRA approval of the carry-over of $50,001 to the HRA Fund budget.

Member Date moved, seconded by Member Santini,

To adopt the following resolution

Resolution 22-02

Resolution of the Housing & Redevelopment Authority of the City of Woodbury, Washington County, authorizing $50,001 to be carried forward from the 2021 HRA budget.

Voting via voice:

Kim Wilson – aye
Andrea Date – aye
Steve Morris – aye
Jennifer Santini - aye
Anne Burt – aye

B. Review of 2022 HRA Workplan

Mr. Batalden reviewed potential implementation of the 2022 HRA Workplan, for which several steps have already been completed. The HRA Fund Policy was adopted in July, and the TIF policy was adopted in June. Other areas have been identified for focus in 2022, including renewed marketing of HRA loan programs, or Housing Action Plan Strategy 1.1; and new a rental licensure program, or Housing Action Plan Strategies 6.1-6.3. City Staff plans to have a potential Ordinance ready for City Council review in the second quarter of 2022 and implementation in the second half of 2022. An implementation matrix has been drafted to track programs over the course of the next decade.

Member Morris stated the implementation matrix is helpful as everything is laid out and expectations are set as to when projects will be done, which he appreciates. He asked whether City Staff is working across departments to market HRA loan programs. Mr. Batalden confirmed this.

Chair Burt asked whether City Staff are getting the word out to realtors and buyers. Mr. Batalden confirmed that realtors and mortgage lenders are very involved, and the “Get to Know Woodbury” realtor forum is scheduled for April 27, 2022.

Member Morris stated loans can also be sought by contractors for redevelopment of existing homes.

Adjournment

Member Burt moved, seconded by Member Date, to adjourn the January 26, 2022 Housing & Redevelopment Authority meeting.

Voting in Favor: Wilson, Date, Morris, Santini, Burt
Absent: None

Chair Burt adjourned the meeting at 7:43 p.m.

Anne W. Burt

Approved by the Woodbury Housing and Redevelopment Authority on __, 2022.
City of Woodbury, Minnesota
Office of the HRA Executive Director

HRA Letter 22-05

April 13, 2022

To: The Honorable Chair and Commissioners of the HRA

From: Clinton P. Gridley, HRA Executive Director

Subject: Public Hearing: Authorizing the Issuance, Sale, and Delivery of Multifamily Housing Revenue Note (Orville Commons Project) Series 2022

Summary

The 235-unit Orville Commons affordable rental community (the “Project”) is under construction with occupancy expected to occur in mid-2023 per City of Woodbury Project Number 29-2019-00361, which was approved by the City Council on November 9, 2019. The Project is financed in part by tax-exempt private activity conduit bonds allocated by Minnesota Management and Budget (“MMB”) and federal Low Income Housing Tax Credits as allocated by the Washington County Community Development Agency. The Housing and Redevelopment Authority in and for the City of Woodbury (the “HRA”) has previously secured allocations of bonding authority from MMB and issued approximately $38 million in tax-exempt private activity conduit bonds to finance the Project.

With the costs of labor and construction materials increasing, Woodbury Leased Housing Associates III, LLLP, a related entity of Dominium, Inc., and developer of Orville Commons (the “Borrower”) requested that the HRA apply for the remaining $982,000 of tax-exempt private activity conduit bonds (the “Conduit Bonds”) available for housing projects in the State of Minnesota to help lower the cost of debt on the Project. The structure of the financing for the construction of the Project is a primary factor in the ability of the Borrower to offer the units for rent to households earning 40 percent, 50 percent, and 60 percent of the area median income.

Private activity bonds issued to finance affordable housing projects such as Orville Commons are conduit in nature and while the HRA will issue the Conduit Bonds, the HRA is not responsible or liable for the debt service payments. The proposed Conduit Bonds shall be a special, limited obligation of the HRA payable solely from revenues of the Project, in the manner provided in the attached resolution. The proposed Conduit Bonds do not constitute a general or moral obligation of the HRA or the City, or a pledge of the faith and credit or any taxing power of the HRA, the City, the State of Minnesota, or any political subdivision thereof.

Recommendation

Staff recommends the HRA Board adopt Resolution 22-03 authorizing the issuance, sale, and delivery of its Multifamily Housing Revenue Note (Orville Commons Project), Series 2022; approving the form of and authorizing the execution and delivery of such note and related documents; providing for the security, rights, and remedies with respect to the note; and taking certain other actions with respect thereto.
Fiscal Implications

In addition to the Project adding needed units of affordable housing to the community, it will significantly increase the tax base, and the HRA will receive a tax-exempt bond issuance fee in the amount of 0.125 percent of the issuance principal amount per the City’s fee ordinance as identified in Section 2-3(b)(4)(ab)(4) of the City Code.

This item does not impact the City of Woodbury’s annual $10 million cap on the issuance of bank qualified tax-exempt bonds. Additionally, specific to this issuance, the legal and issuance costs are paid by the Borrower and in any event do not impact the HRA Fund or any of the other funds of the City of Woodbury.

Policy

The issuance of housing revenue bonds is governed by Minnesota Statutes, Section 462C, as amended and Minnesota Statutes, Section 474A, as amended. At the federal level, these tax-exempt bonds are governed by Section 142(d), Section 146, and 147(f) of the Internal Revenue Code of 1986, as amended.

Section 5 of the City’s Housing Action Plan notes that it is increasingly difficult for affordable housing projects in Minnesota to secure the funding from federal, state, and regional funders without some type of local match. The proposed issuance of the Conduit Bonds, when paired with federal Low Income Housing Tax Credits and federal HOME dollars enable the Project to move forward.

Public Process

1. July 17, 2019: HRA authorization to apply to MMB for an allocation of bonding authority and preliminary authorization of the issuance of up to $66,350,000 of private activity bonds to finance the costs of the Project;
2. November 6, 2019: HRA and City Council authorization to issue $6,008,618 of private activity bonds to provide short-term financing for a portion of the Project;
3. October 27, 2021: HRA and City Council actions authorizing the issuance of approximately $38 million in private activity bonds needed to provide permanent financing for the Project;

Background

The City and the HRA have been working with the Borrower since 2019 to secure the affordable housing finance tools needed to finance the Project. Private activity bonds have become extremely competitive as a financing source given the demand for affordable housing in Minnesota and the fact that the total volume of private activity bonds available to the State of Minnesota is capped by the federal government on an annual basis. The HRA submitted seven separate applications over the course of three years to MMB’s bond lottery process to secure the needed financing for the Project.

In 2019, the HRA was able to secure an allocation of bonding authority from MMB in an amount of $6,008,618. Then, in 2021, the HRA was able to secure two separate allocations of bonding authority from MMB in amounts of $30,681,382 and $1,400,000. While the Project has broken ground and construction is underway, the costs of construction labor and materials have increased and the ability to secure additional tax-exempt debt will help the Project’s economic feasibility.
A municipal issuance of conduit bonds is a common financing mechanism that allows a project to use tax-exempt bonds as a funding mechanism. By using the municipality’s ability to issue conduit bonds, organizations can sell tax-exempt bonds rather than taxable bonds. This saves projects millions of dollars in debt service payments over the life of the bonds because tax exempt bonds are typically sold at a lower interest rate than taxable bonds. These particular private activity bonds are proposed to be applied to the costs of developing affordable housing, and as such the HRA is required to receive an allocation of bonding authority from MMB. This requirement to receive an allocation of bonding authority from MMB is not in place when the City, the HRA or the EDA issues conduit debt benefitting a 501(c)(3) organization in furtherance of its exempt purpose.

Issuing conduit bonds such as these is one way in which Woodbury can facilitate housing and economic development projects without granting a municipal subsidy. As with other previous conduit bond issuances, this Bond issuance is conduit in nature. While the HRA will issue the Bonds, neither the HRA nor the City is responsible or liable for the debt service payments.

The City, HRA and EDA have a long history of issuing conduit bonds to help facilitate housing and economic development projects in the community. Some recent examples of these conduit bond issuances include, but are not limited to:

<table>
<thead>
<tr>
<th>Issuance Year</th>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Orville Commons</td>
<td>$38,039,999</td>
</tr>
<tr>
<td>2021</td>
<td>Woodbury Leadership Academy</td>
<td>$21,995,000</td>
</tr>
<tr>
<td>2020</td>
<td>Math and Science Academy Refunding</td>
<td>$8,575,000</td>
</tr>
<tr>
<td>2019</td>
<td>Goodwill</td>
<td>$6,280,000</td>
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<tr>
<td>2019</td>
<td>St. Ambrose Private School Refunding</td>
<td>$6,650,600</td>
</tr>
<tr>
<td>2019</td>
<td>Woodbury Family Apartments Project</td>
<td>$6,008,618</td>
</tr>
<tr>
<td>2017</td>
<td>Legends of Woodbury</td>
<td>$27,219,678</td>
</tr>
<tr>
<td>2017</td>
<td>Stonecrest of Woodbury Refinancing</td>
<td>$18,180,000</td>
</tr>
<tr>
<td>2016</td>
<td>St. Therese Redwoods</td>
<td>$16,687,500</td>
</tr>
</tbody>
</table>

In addition to the proposed resolution consenting to the HRA issuance of the Conduit Bonds that is attached to this letter, a full and complete set of documents related to the bond transaction is available for public review in the City Clerk’s office between the hours of 8:00 a.m. and 4:30 p.m. at Woodbury City Hall.

To review the proposed funding loan agreement, project loan agreement, or regulatory agreement for this proposed conduit issuance digitally, please access the documents via https://www.woodburymn.gov/376/Housing

Written By: Karl Batalden, Housing and Economic Development Manager
Approved Through: Janelle K. Schmitz, Community Development Director and HRA Clerk
Attachments: HRA Resolution
WHEREAS, the Housing and Redevelopment Authority in and for the City of Woodbury, Minnesota (the “HRA” or “Issuer”) is a housing and redevelopment authority, a body corporate and politic, and political subdivision of the State of Minnesota; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Act”), the Issuer is authorized to carry out the public purposes described in the Act by issuing revenue bonds and notes or other obligations to finance or refinance multifamily housing developments located within the City of Woodbury, Minnesota (the “City”), and as a condition to the issuance of such revenue obligations, adopt a housing program providing the information required by Section 462C.03, subdivision 1a, of the Act; and

WHEREAS, in the issuance of the Issuer’s revenue obligations and in the making of a loan to finance a multifamily housing development, the Issuer may exercise, within its corporate limits, any of the powers that the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation by any provisions of Minnesota Statutes, Chapter 475, as amended; and

WHEREAS, Woodbury Leased Housing Associates III, LLLP, a Minnesota limited liability limited partnership (the “Borrower”), has requested that the Issuer issue its revenue bonds, notes or other obligations, in one or more series, at one time or from time to time pursuant to the Act, in an aggregate amount not to exceed $66,350,00 (the “Obligations”) under the Act and lend the proceeds thereof to the Borrower for application by the Borrower to finance the acquisition, construction, and equipping of an approximately 235-unit multifamily rental housing development and facilities functionally related and subordinate thereto, comprised of one four-story apartment building with approximately 211 apartment units and approximately 24 townhome units in three two-story, eight-unit buildings with attached garages to be located at the southwest corner of the intersection of Hargis Parkway and Radio Drive in the City and to be known as Orville Commons or another name selected by the Borrower (the “Project”); and

WHEREAS, in accordance with the Act, a Program for a Multifamily Housing Development (the “Housing Program”) was prepared on behalf of the HRA with respect to the Project, and the Board of Commissioners of the HRA (the “HRA Board” or “Board”) held a public hearing on November 6, 2019 with respect to the Housing Program following one publication of a notice of public hearing in The Bulletin, a newspaper of general circulation, on October 16, 2019, a date at least fifteen (15) days before the public hearing. As required by the provisions of the Act, on or before the date the notice of public hearing was published, the Housing Program was submitted to the Metropolitan Council for review and comment. By letter dated October 18, 2019, the Metropolitan Council submitted
comments to the Issuer with regard to the Housing Program. On November 6, 2019, the HRA Board adopted the Housing Program and preliminarily approved the issuance of the Obligations pursuant to Resolution No. 19-06; and

WHEREAS, on November 26, 2019 pursuant to Act, the Issuer issued its Multifamily Housing Revenue Note (Woodbury Family Apartments Project), Series 2019 (the “Prior Note”), in the original aggregate principal amount of $6,008,618, and loaned the proceeds thereof to the Borrower for the purpose of providing short-term financing for the acquisition, construction, and equipping of the Project; and

WHEREAS, pursuant to the Act and the Funding Loan Agreement, dated as of December 1, 2021 (the “Original Funding Loan Agreement”), between the Issuer, U.S. Bank National Association, a national banking association (the “Original Fiscal Agent”) and Deutsche Bank Securities Inc., a Delaware Company (the “Initial Funding Lender”), the Issuer issued its Multifamily Note with designation as Multifamily Housing Revenue Note (Orville Commons Project), Series 2021, dated December 23, 2021 and delivered by the Issuer in the original aggregate principal amount of $38,039,999 (the “Series 2021 Governmental Note”). The Series 2021 Governmental Note was sold to the Initial Funding Lender; and

WHEREAS, the proceeds derived from the sale of the Series 2021 Governmental Note (the “Series 2021 Funding Loan”) to the Initial Funding Lender were loaned by the Issuer to the Borrower pursuant to the terms of a Project Loan Agreement, dated as of December 1, 2021 (the “Original Project Loan Agreement”), by and between the Borrower, the Original Fiscal Agent, and the Issuer, whereby the Issuer applied the proceeds derived from the sale of the Series 2021 Governmental Note to fund a mortgage loan to the Borrower in the maximum aggregate principal amount of $38,039,999 (the “Series 2021 Project Loan” and together with the Series 2021 Funding Loan, the “Series 2021 Loans”) to (i) refund the Prior Note; and (ii) provide financing for the Project. The Borrower’s repayment obligations in respect of the Series 2021 Project Loan is evidenced by the Multifamily Note dated December 23, 2021 (together with all riders and modifications thereto, the “Series 2021 Project Note”), delivered to the Issuer, and endorsed by the Issuer to the Original Fiscal Agent as security for the Series 2021 Funding Loan.

WHEREAS, to secure the Borrower’s obligations under the Series 2021 Project Note, the Borrower executed and delivered to the Issuer (i) a Tax-Exempt Mortgage, Security Agreement and Fixture Financing Statement, and (ii) an Assignment of Mortgage and Project Loan Documents, each dated as of the date hereof (collectively, the “Original Security Instrument”), with respect to the Project, which Original Security Instrument was assigned by the Issuer to the Initial Funding Lender as security for the Series 2021 Funding Loan; and

WHEREAS, pursuant to a resolution adopted by the Issuer on October 27, 2021 (the “Series 2021 Resolution”), the Issuer authorized the Series 2021 Funding Loan, the Series 2021 Project Loan, the Series 2021 Governmental Note and the execution and delivery of other documents or instruments evidencing, securing or relating to the Series 2021 Loans (the “Series 2021 Financing Documents”) to which it was a party; and

WHEREAS, the Prior Note and the Series 2021 Governmental Note were issued by the Issuer pursuant to volume cap (or bonding authority) allocated by the State of Minnesota Department of Management & Budget (“MMB”) pursuant to Section 146 of the Internal Revenue Code of 1986, as amended (the “Code”) and the requirements of Minnesota Statutes, Chapter 474A, as amended; and
WHEREAS, upon request of the Borrower, the HRA submitted a subsequent application for an allocation of additional bonding authority to MMB. The Issuer received an allocation of the bonding authority of the State of Minnesota to issue tax-exempt multifamily housing revenue obligations to provide additional financing for the Project, in the aggregate principal amount not to exceed $982,000 pursuant to Certificate of Allocation No. 426, dated January 24, 2022; and

WHEREAS, the Borrower has requested that the Issuer issue, sell, and deliver, as a portion of the Obligations authorized under the Housing Program, its Multifamily Note with designation as Multifamily Housing Revenue Note (Orville Commons Project), Series 2022 (the “Series 2022 Governmental Note”) in the original aggregate principal amount not to exceed $982,000; and

WHEREAS, the Series 2022 Governmental Note is proposed to be issued as an “exempt facility bond” the interest on which is not includable in gross income for federal income tax purposes under Sections 103 and 141(e)(1)(A) of the Code. Under the provisions of Section 147(f) of the Code and applicable Treasury Regulations, the Series 2022 Governmental Note will not constitute exempt facility bonds unless the Series 2022 Governmental Note is approved by the applicable elected representative of the governmental unit which issued the bond or on behalf of which the bond is issued after a public hearing following reasonable public notice; and

WHEREAS, reasonable public notice includes publication in a newspaper of general circulation available to residents in the City no fewer than seven (7) calendar days before the public hearing. A notice of public hearing was published in the St. Paul Pioneer Press, a newspaper of general circulation in the City, on April 3, 2022. The notice stated the time and place of the public hearing, a general description of the Project, the address of the site of the Project, the initial legal owner or principal user of the Project, and the maximum principal amount of the tax-exempt obligations to be issued to finance the Project of $982,000. A public hearing was held on the date hereof before the HRA Board with respect to the issuance of the Series 2022 Governmental Note. A reasonable opportunity was provided at the public hearing for interested individuals to express their views orally or in writing with respect to the Project and the proposed issuance of revenue obligations to finance the Project; and

WHEREAS, the Series 2022 Governmental Note will be purchased by the Initial Funding Lender and issued pursuant to an Amended and Restated Funding Loan Agreement, dated as of or after April 1, 2022 (the “Funding Loan Agreement”), by and between the Issuer, U.S. Bank Trust Company, National Association (a wholly owned subsidiary of U.S. Bank National Association to which substantially all of the corporate trust business of U.S. Bank National Association was transferred), a national banking association (the “2022 Fiscal Agent” and together with the Original Fiscal Agent, the “Fiscal Agent”), and the Initial Funding Lender; and

WHEREAS, the proceeds derived from the sale of the Series 2022 Governmental Note (the “Series 2022 Funding Loan”) will be loaned by the Issuer to the Borrower pursuant to the terms of an Amended and Restated Project Loan Agreement, dated as of or after April 1, 2022 (the “Project Loan Agreement”), by and between the Borrower, the Fiscal Agent, and the Issuer, whereby the Issuer will apply the proceeds derived from the sale of the Series 2022 Governmental Note to fund a loan to the Borrower to finance a portion the Project (the “Series 2022 Project Loan”). Additionally, the Borrower will issue a project note (the “Series 2022
WHEREAS, the Borrower will execute and deliver to the Issuer (i) an Amended and Restated Tax-Exempt Mortgage, Security Agreement and Fixture Financing Statement, and (ii) an Amended and Restated Assignment of Mortgage and Project Loan Documents, each dated as of the date hereof (collectively, the “Security Instrument”), which Security Instrument amends and restates in its entirety the Original Security Instrument and secures the Borrower’s obligations under the Series 2021 Project Note and the Series 2022 Project Note, with respect to the Project, and which Security Instrument will be assigned by the Issuer to the Initial Funding Lender as security for the Series 2021 Funding Loan and the Series 2022 Funding Loan on a parity basis; and

WHEREAS, the Series 2022 Governmental Note will be issued as an additional governmental note on a parity basis with the Series 2021 Governmental Note; and

WHEREAS, the Series 2022 Governmental Note will be issued pursuant to this resolution and the Series 2022 Governmental Note and the interest thereon: (i) shall be payable solely from the revenues pledged therefor under the Project Loan Agreement, the Funding Loan Agreement, the Security Instrument, and additional sources of revenues provided by or on behalf of the Borrower; (ii) shall not constitute a debt of the Issuer or the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute or give rise to a pecuniary liability of the Issuer or the City or a charge against their general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer or the City other than the Issuer’s interest in the Project Loan Agreement and the Funding Loan Agreement; and (v) shall not constitute a general or moral obligation of the Issuer or the City; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Woodbury, Minnesota as follows:

THAT the Issuer acknowledges, finds, determines, and declares that the issuance of the Series 2022 Governmental Note is authorized by the Act and is consistent with the purposes of the Act and that the issuance of the Series 2022 Governmental Note, and the other actions of the Issuer under the Funding Loan Agreement, the Project Loan Agreement, and this resolution constitute a public purpose and are in the interests of the Issuer. The Project constitutes a “qualified residential rental project” within the meaning of Section 142(d) of the Code, and a “multifamily housing development” authorized by the Act, and furthers the purposes of the Act. In authorizing the issuance of the Series 2022 Governmental Note for the financing of the Project and the related costs, the Issuer’s purpose is and the effect thereof will be to promote the public welfare of the Issuer and its residents by providing affordable multifamily housing developments for low or moderate income residents of the City and otherwise furthering the purposes and policies of the Act.

BE IT FURTHER RESOLVED THAT for the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Series 2022 Governmental Note in one or more series in the maximum aggregate principal amount not to exceed $982,000, as a portion of the Obligations authorized under the Housing Program. The Series 2022 Governmental Note shall bear interest at the rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to
redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Funding Loan Agreement, in substantially the form now on file with the Issuer, with necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Series 2022 Governmental Note, the stated maturity of the Series 2022 Governmental Note, the interest rates on the Series 2022 Governmental Note and the terms of redemption of the Series 2022 Governmental Note) as are approved as evidenced by the execution thereof as provided in this resolution. The Issuer hereby authorizes the Series 2022 Governmental Note to be issued, in whole or in part, as a “tax-exempt bond,” the interest on which is excludable from gross income for federal and State of Minnesota income tax purposes or as a taxable bond. The Series 2022 Governmental Note shall be a special, limited obligation of the Issuer payable solely from the revenues provided by the Borrower pursuant to the Project Loan Agreement and other funds pledged pursuant to the Security Instrument and the Funding Loan Agreement; the Issuer does not pledge its general credit or taxing powers or any funds of the Issuer to the payment of the Series 2022 Governmental Note.

BE IT FURTHER RESOLVED THAT all of the provisions of the Series 2022 Governmental Note, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

BE IT FURTHER RESOLVED THAT the Series 2022 Governmental Note shall be sold to the Initial Funding Lender under the terms and conditions of the Funding Loan Agreement and the proceeds derived from the sale of the Series 2022 Governmental Note shall be loaned to the Borrower in accordance with the terms and conditions of the Project Loan Agreement. The Borrower shall apply the proceeds of the Series 2022 Project Loan made pursuant to the terms and conditions of the Project Loan Agreement to the payment of a portion of the capital costs of the Project and related costs. The loan repayments to be made by the Borrower under the Project Loan Agreement are to be fixed so as to produce revenues sufficient to pay the principal of, premium, if any, and interest on the Series 2022 Governmental Note when due. Pursuant to the Funding Loan Agreement, the Issuer will assign its rights to the basic payments and certain other rights and interests under the Project Loan Agreement, the Series 2022 Project Loan, the Series 2022 Project Note, the Security Instrument, and certain moneys and securities held by the Fiscal Agent in the funds and accounts established under the Funding Loan Agreement to the Fiscal Agent.

BE IT FURTHER RESOLVED THAT the Board hereby provides that the Funding Loan Agreement shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Series 2022 Governmental Note and the Issuer as set forth therein.

BE IT FURTHER RESOLVED THAT all of the provisions of the Funding Loan Agreement, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

BE IT FURTHER RESOLVED THAT all of the provisions of the Project Loan Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.
BE IT FURTHER RESOLVED THAT to ensure compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code, the Chair and the Executive Director (together, the “Issuer Officials”) are hereby authorized and directed to execute and deliver an Amended and Restated Regulatory Agreement, dated as of or after April 1, 2022 (the “Tax Regulatory Agreement”), among the Issuer, the Borrower, and the Fiscal Agent.

BE IT FURTHER RESOLVED THAT the Series 2022 Governmental Note shall be a special and limited revenue obligation of the Issuer, the proceeds of which shall be disbursed pursuant to the terms of the Funding Loan Agreement and the Project Loan Agreement, and the principal, premium, and interest on the Series 2022 Governmental Note shall be payable solely from the proceeds of the Series 2022 Governmental Note, the revenues derived from the Project Loan Agreement, and the other sources as set forth in the Funding Loan Agreement.

BE IT FURTHER RESOLVED THAT the Issuer Officials are hereby authorized and directed to execute and deliver the Funding Loan Agreement, the Project Loan Agreement, the Series 2022 Governmental Note, the Tax Regulatory Agreement, the Amended and Restated Assignment of Mortgage and Project Loan Documents (the “Assignment”) from the Issuer to the Initial Funding Lender, any consents or such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Series 2022 Governmental Note, including various certificates of the Issuer, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, an endorsement to the tax certificate of the Borrower, and similar documents (collectively, the “Series 2022 Financing Documents”). All of the provisions of the Series 2022 Financing Documents, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Series 2022 Financing Documents shall be substantially in the forms on file with the Issuer which are hereby approved, with such necessary and appropriate variations, omissions, and insertions as are approved by bond counsel, as do not materially adversely change the substance thereof with respect to the Issuer, and as the Issuer Officials, in their discretion, shall determine, and the execution thereof by the Issuer Officials shall be conclusive evidence of such determinations.

BE IT FURTHER RESOLVED THAT the Issuer hereby authorizes the Borrower to provide such security for payment of its obligations under the Funding Loan Agreement and the Project Loan Agreement and for payment of the Series 2022 Governmental Note, including the Security Instrument, one or more guaranties, or any other security agreed upon by the Borrower, Fiscal Agent, and the Initial Funding Lender, and the Issuer hereby approves the execution and delivery of such security.

BE IT FURTHER RESOLVED THAT the Issuer hereby authorizes Kennedy & Graven, Chartered, as bond counsel (“Bond Counsel”), to prepare, execute, and deliver its approving legal opinions with respect to the Series 2022 Governmental Note.

BE IT FURTHER RESOLVED THAT except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the Issuer or the Board by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the Issuer or by such members of the Board, or such officers,
board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

BE IT FURTHER RESOLVED THAT no covenant, stipulation, obligation or agreement herein contained or contained in the aforementioned documents, the Series 2022 Governmental Note, or in any other document relating to the Series 2022 Governmental Note, and no obligation therein or herein imposed upon the Issuer or the City shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board, or any officer, agent or employee of the Issuer in that person’s individual capacity, and neither the Board nor any officer, agent, or employee executing the Series 2022 Governmental Note or any such documents shall be personally liable on the Series 2022 Governmental Note or be subject to any personal liability or accountability by reason of the issuance thereof or the execution and delivery of such documents.

BE IT FURTHER RESOLVED THAT no provision, covenant or agreement contained in the aforementioned documents, the Series 2022 Governmental Note, or in any other document relating to the Series 2022 Governmental Note, and no obligation therein or herein imposed upon the Issuer or the City or the breach thereof, shall constitute or give rise to a general or moral obligation of the Issuer or the City or any pecuniary liability of the Issuer or the City or any charge upon their general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the Issuer has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Funding Loan Agreement and the Project Loan Agreement which are to be applied to the payment of the Series 2022 Governmental Note, as provided therein.

BE IT FURTHER RESOLVED THAT except as otherwise expressly provided herein, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the Issuer, and any holder of the Series 2022 Governmental Note issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the Issuer, the Borrower, the Lender, and any holder from time to time of the Series 2022 Governmental Note issued under the provisions of this resolution.

BE IT FURTHER RESOLVED THAT in case any one or more of the provisions of this resolution (other than the provisions limiting the liability of the Issuer, the Issuer Officials, or any officer, employee, or agent of the Issuer contained herein) or of the aforementioned documents, or of the Series 2022 Governmental Note issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Series 2022 Governmental Note, but this resolution, the aforementioned documents, and the Series 2022 Governmental Note shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

BE IT FURTHER RESOLVED THAT the Series 2022 Governmental Note, when executed and delivered, shall contain a recital that it is issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Series 2022 Governmental Note and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Series 2022 Governmental Note, and to the execution of the aforementioned documents to happen,
exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

BE IT FURTHER RESOLVED THAT the Borrower may incur expenditures for the Project prior to the issuance of the Series 2022 Governmental Note therefor, and such expenditures may be reimbursed from proceeds of the Series 2022 Governmental Note when, and if issued. This resolution shall constitute an “official intent” to reimburse such expenditures for purposes of Treasury Regulations, Section 1.150-2.

BE IT FURTHER RESOLVED THAT the officers of the Issuer, Bond Counsel, other attorneys, and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Series 2022 Governmental Note, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2022 Governmental Note, the aforementioned documents, and this resolution. If for any reason the Chair or the Executive Director is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by any member of the Board or any officer of the Issuer delegated the duties of the Chair or the Executive Director with the same force and effect as if such documents were executed and delivered by the Chair or the Executive Director.

BE IT FURTHER RESOLVED THAT the authority to approve, execute and deliver future amendments to the Series 2022 Financing Documents herein authorized and entered into by the Issuer in connection with the Series 2021 Governmental Note and the Series 2022 Note and any consents required under the Series 2022 Financing Documents and documents relating to the conversion of the Series 2021 Governmental Note and the Series Governmental 2022 Note as described in the Series 2022 Financing Documents, including without limitation any amendments to the Series 2021 Governmental Note and the Series 2022 Governmental Note as set forth therein, is hereby delegated to the Issuer Officials, subject to the following conditions: (a) such amendments, consents or documents do not require the consent of the holder of the Series 2021 Governmental Note and the Series 2022 Governmental Note or such consent has been obtained; (b) such amendments, consents or documents do not materially adversely affect the interests of the Issuer or the City; (c) such amendments, consents or documents do not contravene or violate any policy of the Issuer or the City, and (d) such amendments, consents or documents are acceptable in form and substance to Bond Counsel. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by the Issuer Officials shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Issuer Officials, any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the Issuer authorized to act in his/her place and stead.

BE IT FURTHER RESOLVED THAT the Borrower shall pay the administrative fee of the Issuer when due in accordance with the terms of the Project Loan Agreement. The Borrower will also pay, or, upon demand, reimburse the Issuer for payment of, any and all costs incurred by the Issuer in connection with the Project and the issuance of the Series 2022 Governmental Note, whether or not the Series 2022 Governmental Note is issued, including any costs for reasonable attorneys’ fees.
BE IT FURTHER RESOLVED THAT it is understood and agreed by the Borrower that the Borrower shall indemnify the Issuer and the City against all liabilities, losses, damages, costs, and expenses (including attorney’s fees and expenses incurred by the Issuer) arising with respect to the Project and the Series 2022 Governmental Note, as provided for and agreed to by and between the Borrower and the Issuer in the Project Loan Agreement.

BE IT FURTHER RESOLVED THAT this resolution shall be in full force and effect from and after its approval, conditioned upon final approval by the City Council of the City.

This resolution was declared duly passed and adopted and was signed by the Chair and attested to by the Executive Director on the 13th day of April, 2022.

______________________________
Anne W. Burt, Chair

Attest:

______________________________
Clinton P. Gridley, Executive Director
STATE OF MINNESOTA  )
COUNTY OF WASHINGTON ) ss.

I, the undersigned, being the duly qualified and acting Clerk of the Housing and Redevelopment Authority in and for the City of Woodbury, Minnesota (the “Authority”), do hereby certify that attached hereto is a compared, true, and correct copy of a resolution giving approval to the issuance of a multifamily housing revenue note by the Authority on behalf of Woodbury Leased Housing Associates III, LLLP, duly adopted by the Board of Commissioners of the Authority on April 13, 2022, at a regular meeting thereof duly called and held, as on file and of record in my office, which resolution has not been amended, modified, or rescinded since the date thereof, and is in full force and effect as of the date hereof.

WITNESS My hand this _____ day of ______________, 2022.

__________________________________

Clerk
HRA Letter 22-06

April 13, 2022

To: The Honorable Chair and Commissioners of the HRA

From: Clinton P. Gridley, HRA Executive Director

Subject: Updates to the Woodbury HRA Loan Program Guidelines

Summary

The Housing and Redevelopment Authority in and for the City of Woodbury (the “HRA”) created its loan programs in 2009 and has since issued 277 loans to income-qualified households in an aggregate amount of $6,647,934.03. Some of the loan criteria have not been changed since 2009 and given the market value increases seen over the last 24 months, staff is recommending that the HRA Board approve changes to the HRA loan program guidelines to right-size the programs and adjust to said market conditions.

Recommendation

Staff recommends that the HRA Board approve the following motions:

1. Increase the maximum loan amount for the Woodbury First-Time Homeownership Program from $25,000 to $30,000;
2. Index the maximum purchase price of the Woodbury First-Time Homeownership Program and the maximum property value for participation in the Neighborhood Reinvestment Fund to 100 percent of the Woodbury median residential value, as determined by the Washington County Assessor;
3. Establish a Minimum Contribution of 3.5 percent of the purchase price paid by or on behalf of the home buyer, with a maximum contribution of $10,000; and
4. Allow proceeds from the Minnesota Housing Finance Agency’s “Start Up” Program (as well as any successor programs or re-branded programs) to apply towards the required Minimum Contribution required by the Woodbury First-Time Homeownership Program.

Fiscal Implications

This HRA Letter focuses on housing policy decisions rather than fiscal implications.

Policy

Section 1 of the 2021 Housing Action Plan provides policy guidance and implementation steps regarding the HRA loan programs via www.woodburymn.gov/housingactionplan.
Public Process

The most recent updates to the HRA loan programs were approved at the HRA Meetings on December 12, 2018 and November 10, 2020. Additionally, the HRA loan programs were discussed in 2020 and 2021 as part of the creation of the 2021 Housing Action Plan.

Background

As a part of the HRA work plan for 2022, staff began the year focusing on a new approach to marketing the HRA loan programs. Initial staff analysis and stakeholder outreach has identified that the HRA loan programs, as currently structured, are out of synch with market conditions and a variety of changes are recommended in the following areas:

Loan Size

The primary goal of the Woodbury First-Time Homeownership Program is to reduce the cost of housing for moderate to low income buyers by providing an impactful amount of capital that reduces the percentage of the overall purchase price that is loaned by the first-mortgage lender thereby reducing, or even eliminating, the burden of private mortgage insurance (“PMI”). When the Woodbury First-Time Homeownership Program began in 2009, purchase prices connected to the Woodbury First-Time Homeownership Program were often in the $185,000 to $225,000 range and a $25,000 note amount could lead to a buyer using conventional financing and not having to pay PMI. The costs savings to the borrower in such a scenario can be as much as $300 per month.

According to the Minneapolis Area Association of Realtors, the February 2022 12-month rolling average sales price for a home in Woodbury is $444,160. A $25,000 loan from the Woodbury First-Time Homeownership Program no longer has as powerful an impact against the cost of PMI as in previous years, and staff recommends increasing the maximum loan size of the Woodbury First-Time Homeownership Program by twenty percent from $25,000 to $30,000. This would be the first adjustment of this underwriting criterion since 2009, and the proposed twenty percent increase would allow the program to address the recent market value increases.

Maximum sales price/property value

HRA Resolution 18-05 indexed the maximum allowable sales price for the Woodbury First-Time Homeownership Program and maximum allowable property value for participation in the Neighborhood Reinvestment Fund at “125 percent of the Woodbury median residential value, as determined by the Washington County Assessor.” The 2022 Washington County Assessment Report establishes that the Woodbury median residential value is currently $420,000. As such, 125 percent of this amount equates to $525,000.

Staff opinion is that properties acquired at a $525,000 purchase price should not be eligible for affordable housing programs funded via the HRA. As such, staff recommends indexing the maximum purchase prices at 100 percent of the Woodbury median residential value, as determined by the Washington County Assessor. The current program guidelines allow a $440,000 amount based on the 2021 Washington County Assessment Report and the proposed change would reduce this underwriting criterion from $440,000 to $420,000.
Minimum homebuyer contribution

The Woodbury First-Time Homeownership Program requires that households provide a 3.5 percent homebuyer contribution. Study of this criterion is specifically recommended in Implementation Step 1.3 of the 2021 Housing Action Plan. When the Woodbury First-Time Homeownership Program was created in 2009, a 3.5 percent amount on a $200,000 purchase equated to $7,000. Today, with sales prices having significantly increased since 2009, the required minimum homebuyer contribution can be double that amount and is often viewed as a barrier to the use of the program.

The Woodbury HRA’s loan administrator, NeighborWorks Home Partners, has communicated to staff that this underwriting criterion is the largest structural barrier to serving more households and the number one complaint from the mortgage lending and real estate industry. While the Woodbury HRA could likely serve more families if this amount were to be reduced, a further reduction would expose the Woodbury HRA to a greater risk of partner families experience delinquencies or even foreclosures if a market correction were to occur in the near future.

Staff recommends a measured response of retaining the 3.5 percent minimum homebuyer contribution but capping the homebuyer contribution at $10,000.

Flexibility regarding Minnesota Housing Finance Agency funds

To provide additional flexibility to families, staff is proposing that consumers of the Woodbury First-Time Homeownership Program who layer their financing with the State of Minnesota’s $12,500 Start Up program be allowed to apply the $12,500 of State funds toward the minimum homebuyer contribution.

Written By: Karl Batalden, Housing and Economic Development Manager
Approved Through: Janelle K. Schmitz, Community Development Director and HRA Clerk
Attachments: None