

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

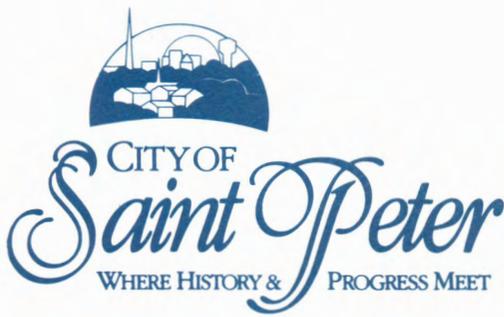
Regular Workshop Session of Monday, May 16, 2016
Library Meeting Room – 5:30 p.m.*
601 South Washington Avenue

- I. **CALL TO ORDER**
- II. **DISCUSSION**
 - A. Solace Project Update
 - B. Traverse Green Subdivision Development Services
 - C. Historic Revolving Loan Guidelines Loan Revisions
 - D. Others
- III. **ADJOURNMENT**

Office of the City Administrator
Todd Prafke

TP/bal

*Councilmember Carlin will be participating through a remote video feed from Community Room, 5th Floor, 77 Jalan Dato Keramat, Birch Plaza, Penang Times Square, Georgetown, Penang, Malaysia. Time at her location will be 7:30 a.m. Tuesday.



Memorandum

TO: Honorable Mayor Zieman
Members of the City Council

DATE: 5/12/2016

FROM: Todd Prafke
City Administrator

RE: Solace Project Steering Committee request

ACTION/RECOMMENDATION

None needed. For your information and discussion only.

BACKGROUND

Members may recall multiple discussions about the Solace Project. The City Council took action to support an application for funding to the State of Minnesota through the Minnesota Housing Finance Agency. That support was expressed through commitment to sell land north of the Sunrise Drive Water Tower along Sunrise Drive for the project. While that application was not awarded funding in the last cycle, the group looking to develop the project has continued to be hard at work on applying for funds in the new funding cycle and you have appointed two members to sit on the Steering Committee which also includes Court, County, Housing, Human service, Probation, County Commissioners, Public Defender, a graduated drug court participant and other representatives.

The current configuration goes back to the first discussion you had at the Sunrise location. Images and a project description have been attached for your review.

The renewed project is envisioned generally as an apartment style facility intended to assist women who have met the criteria of drug court to be united with children, have consistent housing and receive supportive and job training services. It is no longer envisioned as a general occupancy building as was rejected by the Council. It may also be important to recall that the zoning at this location allows this use but would not allow for a general occupancy rental which means that no change outside of the stated use in your ordinance would be allowed by the City. In other words, it could not be turned into a general occupancy apartment building 15 years down the road without a change in your ordinance.

The goals for your meeting are for the organizers to present the project and answer questions in hope of securing your approval for a State funding request. Additionally the Committee hopes to hear your thoughts on a possible sale of the land and establishment of TIF should the project be funded, at future meetings. We anticipate any sale would be at your previously agreed to price of \$1.05 per square foot.

To be clear, any new application for funds, of the same type as looked for in the 2015 cycle, would need a new approval and commitment from the City Council. That would need to be done at a regular Council meeting.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal

**PROPOSED SOLACE PROJECT
LOCATION**

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Solace Supportive Housing Project Summary (2016)

Purpose: To serve families with minor children who are homeless or at high risk of homelessness who have been chronically disabled by psychological and chemical abusing problems. The population to be served will have been incarcerated, be subject to court ordered treatment protocol and will require substantial case management services. Integrated services will be provided to residents in order to establish a living and therapeutic environment that addresses significant issues and problems that left unaddressed tend to lead to recidivism. Breaking this cycle will reduce costs to the criminal justice system, health and medical systems as well as to local human services as families move away from heavy users of services to a productive life style.

Model: This is a Housing First project which endorses housing without readiness conditions for people with long histories of homelessness and co-occurring health challenges, with the availability of on-site integrated services. It is based on the tenet that basic shelter needs must be met before services are provided.

Project Location:

- Address 2005 North Sunrise Drive, St. Peter, MN.
- Census Tract 27103480400

Targeted Market: Families with minor children who are primary caregivers for their children and:

- Have histories of dysfunctional living conditions during their developmental years and adjustment disorders throughout their child, adolescent and adult years, with inadequate or underdeveloped and ineffective personal and social coping skills,
- Are diagnosed with various forms of mental illness and substance abuse, and with personality disorders,
- Have histories of involvement with human services systems, including mental health and child protection services, and legal systems, within which they may have been incarcerated, usually more than once, and in which they have case managers, probation/parole officers, or drug court involvement,
- Are indigent, have limited or no support systems, and are frequently homeless or transient

Project/Building Characteristics:

Housing Activity Type: New Construction

Property Description: One residential elevator apartment building with surface parking and integrated service's space. Thirty units consisting of 6-one bedroom units, 16-two bedroom units and 8-three unit bedroom units. Community Space within each building will include two community/meeting rooms (multi-purpose space, and youth oriented after-school space), property manager's office, case management services office and below grade storm shelter and tenant storage space.

Unit Mix, Rent Structure & Unit Designation

30 total units – (1 management)

GRH Units:

Unit Mix	Gross Rent
4 – one-bedroom	\$697
6 – two bedroom	\$697
6 – three bedroom	\$697

Long-term Homeless Units:

2 – one bedroom	\$160
3 – two bedroom	\$180
2 – three bedroom	\$200

30% Units 6 – two bedroom \$479 (below FMR)

Manager Unit 1 – two bedroom \$798 (50% rent)

Site Characteristics: Walkable with community connections to transit, community trail system and direct access to large community park. Ample green space will be provided with playground, basketball court, covered picnic shelter, gardening area and bike racks.

Total Development Cost: \$6,822,078

Construction will meet or exceed Green Community and Energy Star standards.

Building Funding Sources: Low income housing tax credits and housing infrastructure bonds

Project Partners/Referral System

This project is being developed in conjunction with the Nicollet County Human Services and Nicollet County Court system. County Human Services officials have estimated that a minimum of 30 living units could be filled within the first three months. Primary referral sources for residents of the supportive housing facility will be residential treatment facilities, County CD counselors, County CPS workers, case managers, and probation officers and/or drug courts. Women may also apply individually or by referral through family or other sources. Job training and other employment services will be coordinated with MVAC, Private Industry Council and other service providers.

Project Owner/Developer: Southwest Minnesota Housing Partnership of Slayton, MN.

Property Management Company: Lloyd Management, Mankato, MN.

Tenant Selection Process: Individuals referred to the ASC for assistance because of homelessness will be screened to determine eligibility for this housing based on long-term homeless status. ASC staff will complete the necessary verification through third-party documentation or self-certification, using the forms provided through the Minnesota Housing Finance Agency. (Intake for other necessary services will also be completed at

this time.) ASC staff will also assist the applicant in obtaining and completing an application for housing including necessary income verifications.

Applicant rejection policies: Applicants with incomes above the limit for the assistance, or who do not meet the long-term homeless definition, will be ineligible for the permanent supportive housing units. However, these individuals who do not meet the long-term homeless definition may be eligible for other units. Applicants may also be rejected if, during their initial screening with the primary service provider, it is determined that a more structured care environment is required because of severe health conditions or because one or more member of the household poses an imminent threat to themselves or others.

Occupancy requirements: A tenant handbook has not been generated, but will be done when the project is fully funded based upon handbooks currently used by Lloyd Management and ASC. Basic requirements are as follows:

- The tenant will be expected to sign a one year, written lease.
- There are no time restrictions on the length of stay in the unit.
- There is no restriction on the use of alcohol by the residence, but the presence of illegal drugs is a lease violation and will trigger the lease termination process.
- The unit will not remain open for those residents who go to treatment for longer than ninety days. However, if the unit is not needed during their leave of absence, they will be welcomed back to the unit immediately thereafter. Tenants who are able to pay for the full rent may hold the unit as long as they are able.

Lease agreements: Participants will be expected to enter into a one-year lease agreement. Because services participation is voluntary, no lease addendum regarding services will be required. However, because communication between the property manager and the primary service provider may be necessary to ensure long-term success of the participant household in the unit, the participant will be asked to sign a release of information in order to facilitate this exchange of information. The participant household's privacy is a priority, so information regarding the participant will be shared on an "as needed" basis only.

Services provider: ASC Psychological of Mankato, MN. A memorandum of understanding will be entered into between the property owner, property management, referral agents and service provider.

Services Approach/philosophy: This project is philosophically consistent with SAMSHA's recommendations for co-occurring disorders and homelessness. Basic to this project is the belief that services should be provided in a comprehensive, integrated and individualized treatment protocol that is easily accessible to the clients and does not add additional burden in the process of providing services. It begins with an in-depth psychosocial, medical and chemical use assessment of each client and their families, and the subsequent development of a master multidisciplinary family service plan, and continues with the provision of integrated services until the client is able to become an effective parent and self-sustaining adult.

Services Model: The Solace project is designed to provide a comprehensive, integrated multidisciplinary assessment and therapeutic treatment process to the client and family members based on their assessed individual treatment needs. This treatment will be provided within a safe and secure area in which the basic needs of the client and family members are provided for.

Therapeutic Component: Each client will have one treatment plan, case manager and therapeutic team at any time. All other professionals or agencies that may be involved with the client will be expected to defer any control or direction of the client to the treatment team. This will eliminate the possible confusion of treatment

procedures and agency expectations, including excessive required meetings, appointments or tasks, and, inevitably, stress overload.

- This treatment process will be provided by a team of interdisciplinary professionals who will work together as a team under the same roof. It will include significant others in the treatment process and it will provide specialized treatment for troubled children and for dysfunctional family dynamics, still within the same unified treatment process.
- The primary focus of treatment will be on the assessment and development of essential personal and social coping skills. Clients will only be treated for psychological disorders such as traumas, extreme anxiety, and antisocial or borderline personality traits by experienced therapists with training and expertise in those disorders. Random referrals to available mental health providers who do not have proven expertise in desired areas of treatment will be discouraged.
- The treatment program will be based on a psychotherapeutic model of assessment and therapy in which every individual's unique profile of psychological and coping strengths and weaknesses will be assessed and psychotherapeutic techniques will be used in treating their weaknesses and/or pathologies.
- Formal diagnoses will be established for each client according to the DSM protocol, but the clients' assessed profiles of psychological needs will determine the course of treatment. The use of diagnostic labels will be discouraged in favor of psychological strength and weakness descriptions. The use of medication will be minimized, and when possible eliminated, although this will be done in conjunction with treating psychiatrists.

Services: Based on the assessment which would identify medical, psychological, chemical dependency, skill deficiency, and family and child problem areas, a Master Multidisciplinary Treatment Plan (MMTP) will be created for each resident and their families. A multidisciplinary treatment team, consisting of a psychologist, chemical dependency counselor, and family and child therapist will provide the bulk of the treatment needed by each family member on the project premises. These treatment services will be coordinated and overseen by the family case manager, who will also integrate the services of the County Public Health Department, Job Services, school special education services, and other services as indicated by the family's Master Multidisciplinary Treatment Plan.

Case management: The role of each resident's case manager is that of overseeing their total treatment plan, assessing and helping to provide for their basic living needs, and coordinating services needed by the residents or family members. Case managers will meet with their residents weekly or as needed in order to assess their functioning and progress and assist with any needs or problems. Case managers will continue supervising their residents until it is determined that their services are no longer needed because the residents have reached their treatment goals. Case managers will be responsible for helping the residents to access needed services.

Programming and supportive services for independent functioning: Integral with individual development plans are services to help individuals to develop skills of independent living, job seeking, and job maintenance. The services listed below are available:

Public Assistance: When needed, residents will be provided assistance in acquiring food and economic assistance so that they can maintain adequate living conditions and provide nutrition for themselves and their children.

Transportation: The City of St. Peter provides transit services for its residents. A fixed stop is located within three blocks of the project site. The public transit buses are lift accessible. Residents (or case managers) can schedule trips by calling the agency's dispatch line. Trips to other regional centers can be arranged with Volunteer Drivers who operate their own personal vehicles. Access to employment, school, medical facilities, and retail areas through this service allows the household to secure its own use of local services. Gas vouchers and other transportation assistance are available through MET Inc., Lutheran Social Services, VINE, and the Committee Against Domestic Abuse.

Services for Children: Services that may be made available for children include Child Day Care, Child & Teen Check-up, Targeted Case Management, Community-Based Youth Development Activities, Children's Mental Health Services, and Pre-School Screenings. The site for the actual delivery of services will vary, depending on the services provided, but will be community-based (not in-home).

Basic Life Skills Classes: MVAC provides training in reading, math, resume and application writing, interviewing budgeting, and communication. Residents meet with employment counselors at the Private Industry Council to assess their skills and training needs, and then are matched to appropriate training, internship, and employment opportunities. This type of training is needed for individuals who lack some of the requisite skills for basic employment. Education for specific skill sets can be attained through other providers, including University of Minnesota Extension Services and Minnesota Assistance Council for Veterans.

Education: Public Schools offer Adult Basic Education and English Language Learner classes. Taught by qualified teachers, these courses are provided to small groups at a variety of times and locations. Effective communication and basic math and reading skills are necessary to acquire and retain employment.

Welfare–To–Work: The Minnesota Department of Human Services manages the Diversionary Work Program (DWP) through local Workforce Centers and, in Mankato, the Mankato Rehabilitation Center Incorporated. DWP is a four-month program with the goal of helping low-income Minnesota parents immediately go to work rather than go on welfare. Parents are expected to sign an employment plan, they can receive financial assistance to meet their basic needs and get other support services, such as food support and child and health care assistance.

Employment: On the job training and paid work experience programs coordinated with local employers can set residents on the path to long-term employment. The MN Workforce Center provides access to employment through job application and interviews with local employers. Residents meet with employment counselors at the Workforce Center to assess their skills and training needs, and then are matched to employers. Referrals may also be made to Life-Work Planning Center, and the Mankato Rehabilitation Center Incorporated depending on the needs and background of the resident.

Access to services: The Solace Project uses a project-based service model which is supplemented by community-based services. As the individual moves towards more effective personal functioning, she will be encouraged to seek and become increasingly reliant on community services that are available to her. Being able to use community resources and programs enables development of self

Primary Health Care Services: Open Door Clinic a Federally Qualified Health Care Center (FQHC) will provide on-site medical and/or satellite, dental and behavioral health services and interpreter services to Solace residents.

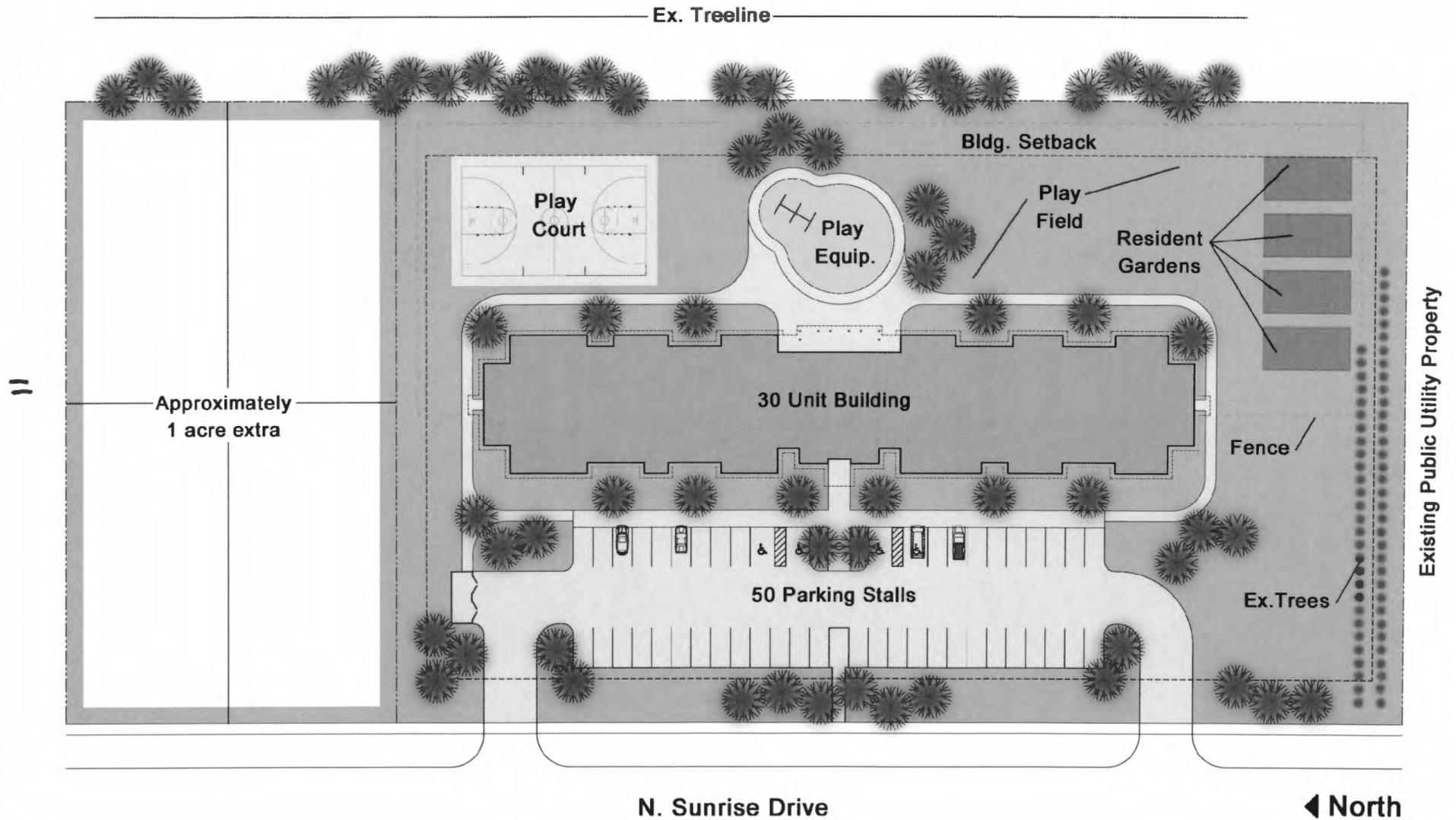
Service Funding:

VA funding sources will be available for female military veterans with children who qualify for housing in this project. A minimum of 10% of the living spaces will be made available to female military veterans.

Ongoing funding for the case management and psychotherapeutic services for clients and their family members will come primarily from Medicare & Medicaid, third party insurance providers and consolidated treatment funds. MFIP funds will be used for daycare services.

This project will be designed to separate the sustainability of the maintenance and operation of the housing facility from the sustainability of the treatment services.

Solace Apartments Site Plan
May 16, 2016



Southwest Minnesota
Housing Partnership



EAPC
ARCHITECTS ENGINEERS

Solace Apartments Exterior Perspective
May 16, 2016



Southwest Perspective

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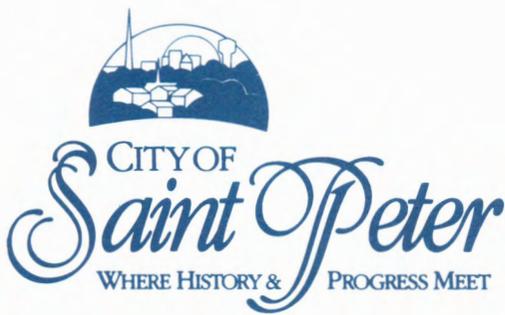
Northwest Perspective



Southwest Minnesota
Housing Partnership



EAPC
ARCHITECTS ENGINEERS



Memorandum

TO: Honorable Mayor Zieman
Members of the City Council

DATE: 5/12/2016

FROM: Todd Prafke
City Administrator

RE: Traverse Green Subdivision Development Services

ACTION/RECOMMENDATION

None needed. For your information and discussion only.

BACKGROUND

As we continue to move forward with work related to Traverse Green Subdivision, additional action on the part of the Council is needed.

Members may recall we have had a relationship with Southwest Minnesota Housing Partnership since the very early 2000's. That relationship has included work on multi-family rentals as well as significant work on single family affordable, and now workforce, housing.

The Contract for Service and Work Agreement describe the pre-development services, many of which have already been provided by SWMHP for your Traverse Green project. This contract provides for \$48,500 in services as outlined which are all things we do not have the expertise or staff time necessary to complete. In addition, SWMHP will provide services related to plans, spec development, bidding, and construction management of spec houses.

Without this work we will likely not meet the goals set by the Council for this development. The expertise that SWMHP brings in many areas, including funding with the Minnesota Housing Partnership and the Greater Minnesota Housing Fund, is invaluable.

All of these services and contract amounts have been planned for as a part of the project and are very similar in nature to the processes we have used in Washington Terrace and Nicollet Meadows.

In addition, although not part of this contract, SWMHP will be providing \$75,000 in GAP funding dollars which will be added to the amount you have in place to assist home buyers with gap and down payment assistance

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal

**CITY OF SAINT. PETER
CONTRACT FOR PRE-DEVELOPMENT SERVICES WITH THE
SOUTHWEST MINNESOTA HOUSING PARTNERSHIP**

THIS CONTRACT for Pre-Development Services (hereinafter the "Services") is entered into on _____, 2016, by and between the City of Saint. Peter, hereinafter described as the "CITY" and the Southwest Minnesota Housing Partnership, hereinafter referred to as "SWMHP".

WHEREAS, the City desires to develop the Traverse Green Subdivision (hereinafter the "Project") within the City of Saint. Peter and the City desires to contract with the SWMHP for Services.

WHEREAS, the Services described herein under this contract are to be applied to the Project. Additional Services pertaining to projects outside of the Project or to additional phases of the Project must be considered under a separate contract prior to performance.

WITNESSED: In consideration of the mutual covenants and agreements contained herein, the City and the SWMHP agree as follows:

- I. The SWMHP agrees to provide services outlined in the Work Agreement attached to this contract (Exhibit 1).
- II. Reimbursement to the SWMHP for Services, as outlined in the Work Agreement, will not exceed a total cost of \$48,500.00. Payment to the SWMHP for services rendered shall commence as follows: An initial installment of \$10,000 shall be paid at the execution of this contract. A second installment of \$10,000 shall be due on June 1, 2016. A third installment of \$15,000 shall be due on August 1, 2016. A final installment of \$13,500 shall be due on November 1, 2016.
- III. Should the City elect to perform any of the duties outlined in the Work Agreement or contract with another entity to perform any part of the duties outlined in the Work Agreement, the Services fee will be amended up on a written agreement by both the City and the SWMHP.
- IV. A new contract, with activities and reimbursement, shall be negotiated between the SWMHP and the City should the project require Technical Assistance beyond the services as outlined above.
- V. The City shall provide the SWMHP with any and all information required to provide said services outlined in the Work Agreement.
- VI. The City will understand that the SWMHP is not a representative of any State or Federal agency, but is acting strictly as a consultant on its behalf.
- VII. The City gives the SWMHP permission to publicly report on the City and the Project as a direct result of the SWMHP assistance in providing the Services.

Term of Contract

This contract shall be effective on June 1, 2016 and continue through the completion of the scope of services outlined in this contract.

Termination of Contract

The City and the SWMHP shall provide the other party a minimum of 30 days notice prior to the termination of this contract.

Assignment

SWMHP or the City shall neither assign nor transfer any rights or obligations under this contract without prior written consent of all parties.

Amendments

Any amendments to this contract shall be in writing, and shall be executed by the same parties who executed the original contract or their successors in office.

IN WITNESS WHEREOF, the parties hereunto have executed this Agreement the day and year first above written.

**SOUTHWEST MINNESOTA
HOUSING PARTNERSHIP**

CITY OF SAINT PETER

By: _____

By: _____

Its: Chief Executive Officer

Its: Authorized Agent

Date: _____

Date: _____

By: _____

Attest: _____

Its: Chair

CONTRACT FOR PRE-DEVELOPMENT
WITH THE SOUTHWEST MINNESOTA HOUSING PARTNERSHIP
WORK AGREEMENT

The SWMHP agrees to provide the following services under its Pre-Development Services contract as specified below. Services provided shall be a combination of development planning, grant writing, and technical assistance. Services not specified below should not be considered to be part of this contract and should be negotiated separately under an addendum to this contract. The SWMHP's involvement in requests for funds does not guarantee funding nor the availability thereof.

Services outside of this contract include:

- **Multi Family Construction Management**
- **Single Family Construction Management**
- **Bare Lot Development**
- **Commercial Development**
- **Asset Management/Administrative Management**
- **Development Administrative Services**
- **Grant writing services outside of the Project**

- I. Project Introduction
 - a. Meet with City Council, Planning and Zoning Commission, Economic Development Authority, Employers, Lenders or local community groups to introduce project to community at the direction of City Staff.
 - b. Meeting with and communication with the Greater Minnesota Housing Fund
 - c. Attend general project planning meetings with owner of the project to coordinate engineering, architectural services, timelines, etc.

- II. Ongoing Reporting
 - a. Attend regularly scheduled and special meetings, as agreed upon, of the owner to provide project updates and to address project needs, solicit approvals, and set policy.
 - b. Provide project status reports and copies, as agreed upon by the owner and the SWMHP.

- III. Pre-Development Administration Funding
 - a. Submit applications to the Greater Minnesota Housing Fund for Building Better Neighborhood Technical Assistance and other resources as needed.
 - b. Assist the owner in executing any pre-development grant or loan documents.
 - c. Act as the fiscal agent for the owner to draw pre-development administrative funds as time and expenses are incurred by the SWMHP.

- d. Submit reports on the pre-development administrative monies to funders as required, up until the completion of the project.
- IV. Coordinate with other Professionals
- a. Coordinate, communicate and meet with all professionals retained by the owner to develop the project. Professionals may include, but are not limited to:
 - i. Engineers
 - ii. Architects
 - iii. Attorneys
 - iv. Bond Attorneys
 - v. Financial Consultants
 - vi. Tax Increment Consultants
 - vii. Tax Increment Attorneys
- V. Site Identification and Planning
- a. Site visits to determine feasibility
 - b. Coordinate with Engineer to order:
 - i. Survey
 - ii. Soil Borings
 - iii. Environmental Review
 - iv. Other related tests or measurements
 - c. Provide preliminary site plan
- VI. Cost Estimating
- a. Provide preliminary cost estimates on:
 - i. Infrastructure
 - ii. Single Family Development
 - b. Provide financing plan for project.
 - c. Provide information on current resources available to homebuyers and keep the owner apprised of any changes in mortgage products.
 - d. Meet with contractors interested in building single family homes to gather preliminary cost estimates for development and to create a list of interested contractors for bidding process.
- VII. Funding Applications
- a. Prepare funding applications as needed based on financing plan for project to Minnesota Housing, Greater Minnesota Housing Fund, and other resources as identified by the City of Saint Peter and SWMHP
- VIII. Initial Planning and Zoning Requirements for the Site
- IX. SWMHP will provide access to the Rose Fellowship Architect to assist with single family home design concepts.

MEMORANDUM

February 20, 2016

To: Todd Prafke, City of St. Peter

From: Rick Goodemann, SWMHP

RE: St. Peter Council Work Session and Traverse Acres Commitment.

The Southwest Minnesota Housing Partnership is willing and able to participate with the City in the following manner:

SWMHP will provide construction financing to construct three (3) houses. SWMHP will revolve those funds and will size its home construction rounds based on demand. It will maintain this commitment as long as demand exists or financing is available.

SWMHP continues to work to reduce home construction cost. I have attached two sworn construction statements for split level homes that we have received quotes from contractors. Our sworn statements reflect estimated lot cost, closing and finance fees as well as TIF. James Arentson will be present at the work session to address any questions concerning home size, design and cost of the homes. Ali Joens will be present to answer questions concerning the financing cost and other soft cost reflected in the sworn construction statements as well as any questions dealing with home finance. The costs are higher than we would like and do reflect homes that are sized at the smaller end of what was developed previously. Cost has escalated beyond normal inflationary reasons. Contractor loss during the recession, labor shortages, material cost volatility and significant code changes are all contributing factors. There are trade-offs that do need to be explored with the Council around home finished area and design diversity in order to bring cost more in line with the affordability in the target market. However, keeping in mind that cost containment has to be balanced with marketability and what in the end made Nicollet Meadows and Washington Terrace successful community projects.

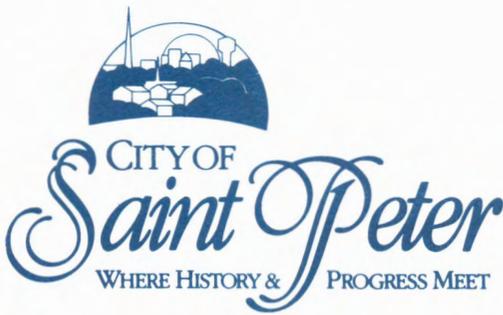
SWMHP will provide a commitment of \$75,000 for homebuyer assistance. Those funds may be used for down payment assistance, gap financing or appraisal gaps. SWMHP has made a formal request to the Greater Minnesota Housing Fund to match its commitment 1/1. The SWMHP will consider additional funding as necessary and as SWMHP resources allow. This commitment should be sufficient to carry the project through the beginning phase of the project if we obtain the match from GMHF should the City decide to move forward. Additional resources will need to apply for in June from Minnesota Housing Finance Agency.

SWMHP, if the City accepts its services contract will complete applications to the Minnesota Housing Finance Agency to secure additional gap financing. That application is due mid-June and funding would be available November 2016 for homes that would begin construction after this award date. SWMHP will identify other potential funding sources and prepare applications for permanent mortgage products, construction financing or homeowner assistance as part of its services and where financial gaps exist.

SWMHP will provide technical assistance as part of its contract to work with community Lenders to access affordable mortgage products and will apply as necessary for resources provided local Lenders participate. We have attached model financing based on cost of homes and incomes of buyers using different loan products. The house payments, depending on the financing are at or in one case exceed rent levels. Ali Joens will be present at the work session on February 29 to provide explanation and to answer questions.

SWMHP will participate in marketing efforts including input into marketing material, providing sample financing samples, engage in speaking opportunities, help to secure funding commitments from employers and other interested parties.

SWMHP will provide mortgage counseling services and facilitate access to Rural Development financing. Two other contracts, Development Admin Services and Construction Management if the City wishes to engage us for those services.



Memorandum

TO: Todd Prafke
City Administrator

DATE: 5/13/16

FROM: Russ Wille
Community Development Director

RE: Historic Preservation Loan Program – Recommended Alterations

ACTION/RECOMMENDATION

The Community Development Director will provide an update on the amendments to the Historic Preservation Loan program recommended by the Economic Development Authority.

BACKGROUND

Beginning in October, 2015, the EDA undertook a review of the revolving loan funds administered by the City of Saint Peter. As a result of their review, the EDA has recommended that the City Council provide for certain amendments and alterations to the Historic Preservation Loan Program.

The first EDA recommendation would be to allow building owners to access the loan program to partially finance building alterations which enhance compliance with the Americans with Disabilities Act. At this time, access to the fund is limited to those exterior alterations considered to be historic preservation.

The EDA has also recommended that the maximum loan amount under this program be raised to a maximum of 90% of project costs up to \$25,000 in EDA funding. The existing policy limits loans to \$10,000 or 50% of the project costs.

The EDA suggested that the Community Development Director prepare a procedure to consider partial loan forgiveness to encourage utilization of the loan program. In early 2016, the EDA considered a policy change which would allow for forgiveness of up to 50% of the principle for loans under \$10,000. For loans in excess of \$10,000, the loan would be forgiven once the unpaid balance of the note would be reduced to \$5,000.

To qualify for partial loan forgiveness, the applicant must demonstrate an acceptable repayment history. For this loan program, an acceptable repayment history would require that the note had not been declared to be in default.

The EDA would hope that the amended guidelines would encourage greater utilization of the fund resulting in an improvement to the physical condition of downtown historic assets.

The EDA completed their review of the Historic Preservation Loan program and has recommended that the loan guidelines be amended as presented.

Please feel free to contact me should you have any questions or concerns on this agenda item.

HISTORIC PRESERVATION/ACCESSIBILITY ENHANCEMENT LOAN PROGRAM GUIDELINES

1. PURPOSE:

The purpose of this loan program is to promote reinvestment in the historic properties within the Central Business District. Specifically, this program is designed to fund exterior historical enhancements or handicapped accessibility improvements to the commercial structures within the historic downtown.

2. ELIGIBILITY:

2.1 To promote the historical enhancement of the district and to protect the viability of the historic structures, these loans may be used for exterior building maintenance, window / door replacement, roofing repairs, awning installation, signage, repair of masonry or the painting of the structure when deemed appropriate.

2.2 To promote the improved handicapped accessibility of structures, these loans may be used for any interior or exterior renovations of the building / structure deemed necessary to attain improved compliance with the Americans with Disabilities Act.

3. HERITAGE PRESERVATION COMMISSION REVIEW:

The Heritage Preservation Commission must review the renovation, repair or alteration of any property located within the Saint Peter Commercial Historic district as designated by the National Register of Historic Places. No project may commence until approved by the Commission.

4. LOAN AMOUNT:

4.1 Loans provided under this program are limited to a maximum of \$25,000 per property.

4.2 EDA financing shall not exceed 90% of the project costs determined by bids or quotes received from contractors and project vendors.

4.3 The applicant shall demonstrate the ability to contribute at least 10% of the identified project costs in the form of cash or equity.

5. INTEREST RATE:

Historic Preservation/Accessibility Enhancement loans shall be provided at a 0% rate of interest.

6. LOAN SECURITY:

Loans made under this program shall be secured via subordinate mortgage and personal guarantee from the building owners.

Additionally, loans provided to purchase, construct, renovate or improve real estate shall be insured for its full replacement cost and the EDA shall be designated as a loss payee of the insurance policy.

7. REPAYMENT SCHEDULE:

7.1 The repayment of loans made under this program shall be provided over the following period of time.

<u>Loan Amount</u>	<u>Amortization</u>
\$0 - \$2,000	1 year
\$2,001 - \$5,000	5 years
\$5,001 - \$10,000	7 years

\$10,001 - \$25,000

10 years

7.2 Loans shall be repaid via electronic, automatic withdrawal from a savings or checking account designated by the borrower.

8. LOAN FORGIVENESS:

8.1 Those loans with an acceptable repayment history may qualify for partial loan forgiveness. For the purposes of this loan program, an acceptable repayment history shall require a determination that the loan has not been declared to be in default as per the terms of the applicable promissory note.

8.2 Such forgiveness shall not exceed \$5,000 per project undertaken under this program.

8.3 For loans of \$10,000 or less. At such time that the outstanding principal of a loan made under this program is reduced below 50% of the original loan amount, the balance of the principle may be forgiven and the note considered repaid in full.

8.4 For loans of more than \$10,000. At such time that the outstanding principal of a loan made under this program is reduced to \$5,000 or less, the balance of the principle may be forgiven and the note considered repaid in full.

9. FEES:

9.1 No loan origination fee shall be charged to loans made under this program.

9.2 The applicant shall assume responsibility for the payment of any fees related to the recording of project security and/or collateral.

10. DUE DILLIGENCE:

10.1 Loan applications shall be accompanied by the following:

A. Personal Financial Statement(s) from the applicant(s).

B. Two years business financial history.

- i. Balance Sheet
- ii. Income Statements
- iii. Profit/Loss Statement

C. Bids/Quotes

10.2 The Chairperson of the Economic Development Authority may appoint a subcommittee of the EDA to undertake a review of the personal and business financial submittals of the applicant. The subcommittee shall provide a report to the full EDA regarding the creditworthiness of the applicant(s).

11. RELEASE OF FUNDS:

11.1 Closing of the loan and the release of loan funds to the borrower shall occur after the successful completion of the renovation or alteration.

11.2 Prior to release of funds, the Community Development Director shall determine that the renovation or alteration was accomplished as per the requirements of the Heritage Preservation Commission approval.