

RESOLUTION NO. 19-184

WHEREAS, the Minneapolis Public Housing Authority (MPHA) administers Low Income Public Housing and Section 8 voucher programs with a mission to promote and deliver quality, well-managed homes to a diverse low-income population and, with partners, contribute to the well-being of the individuals, families and community it serves; and

WHEREAS, in 1989, Minnesota statutes permitted Minnesota Housing Finance Agency (MHFA) to make loans to local government units to finance the acquisition, improvement, and rehabilitation of housing properties for the purpose of providing transitional housing; and

WHEREAS, the 1990 Minnesota legislature appropriated \$1.5 million to fund the transitional housing program. These loans were known as POTH loans, or Publicly Owned Transitional Housing loans; and

WHEREAS, on June 24, 1992, the MPHA Board of Commissioners authorized MPHA to submit an application to the Minnesota Housing Finance Agency (MHFA) for a \$400,000, zero-interest forgivable loan under MHFA's POTH program, for the purpose of purchasing a condominium in the Harriet Tubman Women's Center (Tubman). MPHA would lease the condominium back to Tubman for use as 10 units of transitional housing; and

WHEREAS, on November 25, 1992, the MPHA Board of Commissioners authorized MPHA to enter into a Development Agreement with Tubman which would allow MPHA to own the condominium unit in the building developed and funded by Tubman, and to assure that the facility would be used for purposes of transitional housing for MHFA's requisite 20-year period. The Development Agreement was negotiated in the form of a Purchase Agreement, executed on May 2, 1995; and

WHEREAS, on September 27, 1995, the MPHA Board of Commissioners authorized MPHA to execute the MHFA deferred loan repayment agreement and mortgage, securing a zero-interest, forgivable POTH loan in an amount not to exceed \$400,000. On September 28, 1995 MPHA entered into the Deferred Loan Repayment Agreement and Mortgage and executed a lease with Tubman; and

WHEREAS, according to the terms of the Deferred Loan Repayment Agreement and Mortgage, MPHA's forgivable POTH loan was deemed to have been paid in full as of September 28, 2015; and

WHEREAS, MHFA has more recently taken the position that although the loan has matured, the property must remain publicly owned and MHFA must continue monitoring the property for compliance with various program requirements for 35 years, or until September 2030; and

WHEREAS, Tubman is unable to continue operations at the building due to substantial, necessary maintenance and repairs amounting to over \$4 million, and plans to move all housing services to its Maplewood campus; and

WHEREAS, MPHA wishes to transfer its interest in the property to Tubman, so that Tubman may sell the entire parcel; and

WHEREAS, at Tubman's request and with guidance from MHFA, MPHA submitted a Request for Action (RFA) to MHFA wherein MPHA requests that MHFA make an exception to the 35-year compliance period given the circumstances; and

WHEREAS, on February 6, 2019, MPHA submitted an RFA, requesting that MHFA allow MPHA to transfer its condominium unit to Tubman so that Tubman may dispose of the entire parcel, as the building is no longer suited for housing due to substantial unmet capital needs; and

WHEREAS, as part of the RFA review process, MPHA must submit board action declaring that the condominium unit is no longer usable for its intended purpose; and

WHEREAS, Tubman assembled a facilities task force which included architectural, construction, engineering, development, legal and governmental professionals who evaluated the condition of the building, its current use, and what is needed to update and bring the building to the level necessary for Tubman to continue long-term operations out of the building; and

WHEREAS, a report summarizing the findings of the facilities task force details significant structural issues and substantial, necessary unmet capital needs in an amount exceeding \$4,000,000; and

WHEREAS, Tubman estimates the use of the building for housing or even office space will not be feasible in the future without significant repair and capital investment, the cost of which is prohibitive; and

WHEREAS, Tubman concluded it must discontinue operations out of the building by the end of this year and intends to move its transitional housing to its Maplewood, MN campus; and

WHEREAS, Tubman's board has authorized the sale of the building and a focus on providing services at Tubman's other locations; and

WHEREAS, Tubman requests MPHA transfer ownership in the condominium to Tubman so that it may sell the parcel as a whole; and

WHEREAS, in order for MPHA to transfer ownership to Tubman, it must obtain permission, including a Satisfaction of Mortgage, from MHFA. As part of that process, MHFA requires MPHA Board action declaring the condominium is no longer usable to carry out the governmental purpose for which it was originally acquired;

NOW THEREFORE BE IT RESOLVED by the MPHA Board of Commissioners as follows:

- (i) Given the substantial unmet capital repairs needed at the Tubman Facility at 3111 1st Avenue South, the building, including Unit 1, will not be fit for housing in the long-term and, accordingly, is no longer usable to carry out the governmental purpose for which it was acquired;
- (ii) The Executive Director/CEO or his designee is authorized to execute and submit all necessary documents to facilitate transfer of ownership of 3111 1st Avenue South, Unit 1 to Harriet Tubman Women's Center.