

COMMUNITY HOUSING RESOURCES

SPECIAL BOARD OF DIRECTORS MEETING

NOTICE AND AGENDA

July 27, 2022

A SPECIAL MEETING OF THE COMMUNITY HOUSING RESOURCES (CHR) BOARD OF DIRECTORS WILL BE HELD IMMEDIATELY FOLLOWING ADJOURNMENT OF THE MPHA BOARD OF COMMISSIONERS SPECIAL MEETING AT THE MCCORVEY CENTER.

Directors:	Tom Hoch	Chair
	Andrea Brennan	Vice Chair
	Abdi Warsame	Director and President
	Mikkel Beckmen	Director
	Abdullahi Isse	Director
	Cara Letofsky	Director
	Tamir Mohamud	Director
	Hon. James Rosenbaum	Director
	Tessa Wetjen	Director
	Faith Xiong	Director

OFFICERS:	Abdi Warsame	President
	Andrea Brennan	Vice-President
	Mikkel Beckmen	Secretary
	Tim Durose	Chief Financial Officer

GENERAL:

- Roll Call
- Approval of Agenda
- Minutes of a Special Annual Meeting of March 23, 2022

RESOLUTION:

1. Change to Land Use Restriction Agreement for Scattered Site New Construction Units (Brian Schaffer, Assistant Director of P & D)

Next Meeting:

Wednesday, August 24, 2022
1001 Washington Avenue North
Minneapolis, MN 55401

Notice: *A portion of this meeting may be closed to the public pursuant to Minnesota Statute Section 13.D.03 or 13D.05.*

COMMUNITY HOUSING RESOURCES

MINUTES OF A SPECIAL MEETING OF THE COMMUNITY HOUSING RESOURCES

March 23, 2022

The Board of Directors of the Community Housing Resources met in a Special Meeting at 1:55 p.m. on March 23, 2022, at the Cora McCorvey Health & Wellness Center, 1015 – 4th Avenue North, Minneapolis, Minnesota, the time, date, and place duly noticed for the holding of such meeting.

The Vice Chair called the meeting to order, the following members of the board being present:

Andrea Brennan	Vice Chair
Mikkel Beckmen	Director
Abdullahi Isse	Director
Cara Letofsky	Director
Tamir Mohamud	Director
Hon. James Rosenbaum	Director
Abdi Warsame	Director and President
Tessa Wetjen	Director
Faith Xiong	Director

The following members of the Board were absent:

The Vice Chair declared the presence of a quorum.

Approval of the Agenda:

Director Letofsky moved approval of the proposed agenda. The motion was seconded by Director Warsame. Upon a voice vote nine Directors voted “aye” and no director voted “nay”. The Vice Chair declared the motion carried.

Approval of the Minutes:

The minutes of a Special Meeting of February 23, 2022 were presented for approval. Director Isse moved the minutes be accepted as presented. The motion was seconded by Director Beckmen. Upon a voice vote nine Directors voted “aye” and no director voted “nay”. The Vice Chair declared the motion carried.

Item One: Charitable Organization Annual Report for 2020

After a brief presentation by staff and discussion, Director Letofsky moved approval of the recommendation set forth in the Report along with the corresponding Resolution attached hereto. Director Mohamud seconded the motion. Upon a roll call vote nine Directors voted “aye” (Directors Beckmen, Isse, Letofsky, Mohamud, Rosenbaum, Xiong, Warsame Wetjen, and Vice Chair Brennan) and no director voted “nay”. The Vice Chair declared the motion carried. [See Document No. 2022-01][Resolution 22-01]

There being no further business to come before the Board, and upon a motion duly made and seconded, the meeting was adjourned at 2:00 p.m.

Secretary of the Board of Directors

Date these Minutes Approved

COMMUNITY HOUSING RESOURCES

July 27, 2022

Agenda Item 1

REPORT TO THE DIRECTORS

FROM: Abdi Warsame, President

SUBJECT: Change to Land Use Restriction Agreement for Scattered Site New Construction Units

Previous Directives: On February 27, 2019, the MPHA Board approved Resolution No. 19-185 authorizing the Section 18 disposition application and use agreement for 736 scattered site units. On February 26, 2020, the MPHA Board authorized the sale of 717 scattered site units to CHR and the completion of the Section 18 conversion approved by HUD. On February 26, 2020, the CHR Board approved the purchase of the 717 scattered site units for \$1 per property to effectuate the completion of the Section 18 conversion, thereby converting the subsidy for the scattered sites from public housing to Section 9 project-based vouchers. On May 26, 2021, the CHR Board authorized the President to enter into a GC/C agreement with Frerichs Construction and an architectural agreement with DJR Architecture for the design and construction of the scattered site new construction project, the MPHA Family Housing Expansion Project, whereby certain scattered sites properties were to be used to produce additional housing at those sites.

Resident Council Review/Recommendation: This Report will be discussed with MPHA's Resident Advisory Board (RAB) immediately prior to the Board's July 27, 2022 meeting.

Budget Impact: None

RECOMMENDATION: It is recommended that the Board of Directors approve the attached resolution authorizing the President and/or his designee(s) to seek HUD approval of any necessary changes to the Scattered Site Disposition Approval and Use Agreement and any other HUD approvals needed to proceed with the Scattered Site New Construction Project.

Scattered Site Disposition & Use Agreement

On August 16, 2019, HUD approved MPHA's disposition of 717 scattered site public housing units to its wholly controlled non-profit entity, Community Housing Resources (CHR), to facilitate the long-term preservation of the units supported by project-based vouchers. MPHA conveyed the properties to CHR for \$1 per property, a value below market rate. Below market rate conveyances of property through HUD disposition require a commensurate public benefit. In the case of this disposition, that commensurate public benefit was established by creating a use agreement

between HUD, MPHA, and CHR that regulated the affordability of the properties for 30 years and established the requirement of HUD approval for any change in the units, ownership, and encumbrances necessary for financing.

The Use Agreement has been in place since the disposition was effectuated on October 1, 2020. In its consideration of the scattered sites new construction project, HUD has asked for a resolution from the CHR Board of Directors approving changes to Use Agreement and Disposition Approval to recognize the change in units, ownership, encumbrances necessary for financing and the time period during which the properties cannot serve low-income households because demolition or new construction are in progress.

Scattered Site New Construction

The MPHA Family Housing Expansion projects consist of 84 units of deeply affordable project-based voucher housing on 16 sites throughout Minneapolis. In total, 15 existing CHR properties consisting of 21 units will be demolished and replaced with 78 new PBV units. A sixteenth site, that CHR is acquiring from the City of Minneapolis, will be developed with six PBV units, resulting in a total of 84 new scattered site units.

Tenant Relocation

Thirteen of the 21 existing scattered site units planned to be demolished are occupied. The MPHA began meeting with these households in early August 2021 and has followed the requirements of HUD's Uniform Relocation Assistance regulations and the Memorandum of Understanding (MOU) between MPHA and the City of Minneapolis, as applicable. Impacted households have been consulted with to understand their needs during relocation, and MPHA has worked with each household to find commensurate housing within CHR's portfolio. Twelve of the 13 households will be temporarily relocated and will have the right to return to new buildings when they are completed. The thirteenth household requires a larger unit than what is being built in the project and will be permanently relocated. MPHA has worked to ensure the household has a unit that meets their desires in a location they prefer. All households will also have access to a tenant-based voucher if the household ultimately elects that relocation benefit.

Next Steps

The CHR Board will consider the remaining actions, including funding, financing, and other agreements necessary to effectuate the MPHA Family Housing Expansion project at its August 2022 meeting. An informational review of the project will be scheduled prior to the Board meeting for the Directors to have adequate time to understand and consider the required actions to support the project.

This Report was prepared by Brian Schaffer, Assistant Director of Planning & Development. For further information, please contact Mr. Schaffer at (651) 270-8184 or bschaffer@mplspha.org.

Enclosures

1. CHR Board of Directors Resolution No. 22-02

Resolution No. 22-02

Resolution authorizing changes to U.S. Department of Housing and Urban Development (HUD) disposition approval and related Use Agreement for scattered sites to accommodate demolition and new construction also known as the MPHA Family Housing Expansion Project.

WHEREAS, on August 16, 2019, HUD approved disposition by the Minneapolis Public Housing Authority (MPHA) of 717 scattered-site public housing units to Community Housing Resources (CHR), a related entity, to facilitate long-term preservation of the units supported by project-based vouchers (PBV; the Disposition Approval); and

WHEREAS, MPHA and CHR have determined that for 15 of these scattered-site properties, it is cost-effective and desirable to replace 21 units listed in Exhibit A with 78 new PBV units through modular construction; and

WHEREAS, MPHA and CHR are obtaining debt and low-income housing tax credit equity providers that will enable this transaction, also including six PBV units to be constructed on a current City of Minneapolis site, to move forward in the near future (the MPHA Family Housing Expansion Project); and

WHEREAS, the MPHA Family Housing Expansion Project will add 63 desperately needed PBV units, substitute new construction for aging units and generate construction jobs; and

WHEREAS, to effectuate the MPHA Family Housing Expansion Project, CHR will ground lease the affected properties to Family Housing Resources LP, a single purpose entity whose general partner will be an entity related to MPHA and whose limited partner will be the tax credit equity investor, U.S. Bank; and

WHEREAS, the Disposition Approval, the related Use Agreement implementing the 30-year affordable low-income housing use period (the Use Agreement), or both require HUD approval of the change in units, the change in ownership, the encumbrances necessary in connection with financing and the time period during which the properties cannot serve low-income households because demolition or new construction are in progress;

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. The Board of Directors authorizes MPHA's Executive Director and/or his designee(s) to obtain HUD approvals of any necessary changes to the Disposition Approval and the Use Agreement and any other HUD approvals needed to proceed with the MPHA Family Housing Expansion Project; and
2. The Board of Directors authorizes MPHA's Executive Director and/or his designee(s) to sign documents, make HUD submissions and take any other appropriate actions to obtain HUD approvals.

Signed for the Board of Directors by:

Dated: July 27, 2022

Exhibit A:

List of scattered sites units that CHR and MPHA will demolish and replace in New Construction Transaction

Unit
400/404 Logan Ave N
2744 12th Ave S
2746 12th Ave S
2740 12th Ave S
2742 12th Ave S
2425 16th Ave S
2427 16th Ave S
2015 23rd Ave S
2110 16th Ave S
2112 16th Ave S
339 Pierce St NE
5139 Penn Ave S
5141 Penn Ave S
1030 Lowry Ave NE
1032 Lowry Ave NE
1600/1606 Penn Ave N
2220 38th St E
5633 34th Ave S
500 Knox Ave N
2021 24th Ave S
1906 25th Ave N