



TO: Mayor Shaun Sipma
Members of the City Council

FROM: John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

DATE: January 12, 2019

SUBJECT: **City Council Amended Developer Agreement with Beyond Shelter, Inc.**

I. RECOMMENDED ACTION

City Council amended Developer Agreement with Beyond Shelter, Inc. extending term subject to added conditions to complete Low Income Multi-Family Housing

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Grant Program Manager & Chief Resilience Officer, 423-4528

III. DESCRIPTION

A. Background

The city of Minot entered into a Development Agreement with Beyond Shelter Inc. on June 18, 2015 for the new construction of multi-family rental housing for low and moderate income residents to be undertaken in two phases. Beyond Shelter, Inc. is a 501(c)(3) non-profit corporation with a primary focus on developing affordable housing. The city has contributed \$100,000 from Allocation #1 CDBG-DR funds towards the acquisition of the approximately 6.7 acres of land with a total acquisition cost in excess of \$1 million. The condition for the \$100,000 was construction of 74 units of affordable rent housing. Phase 1 has been timely completed with 35 units. The non-profit has made two substantial attempts to secure funding for the second phase during the agreement period with separate applications made to North Dakota for Low Income Housing Tax Credits which is a primary source of financing for low and moderate income housing. Neither application was approved because other applications received higher ratings.

B. Proposed Project

The amendment to the developer agreement will extend the term to September 30, 2022 for completion of Phase 2 and December 31, 2022 for occupancy of the units (note: Allocation #1 CDBG-DR funds does not have a statutory deadline to spend the total grant). As conditions for the city to extend the deadline, Beyond Shelter has agreed:

- It will not incur any debt on the property acquired with the \$100,000 CDBG-DR contribution unless specifically related to the project except for government imposed special assessments on the property and any other government imposed taxes or fees
- It will not undertake any other new construction or rehabilitation with Minot City limits until Phase 2 is completed without the written approval of the city
- It will meet on a quarterly basis with the city of Minot to review project status as well as to discuss with Minot current housing conditions

- It agrees when housing conditions in the private sector demonstrate potential capacity for new LMI housing that it will take necessary steps to apply for financing through Low Income Housing Tax Credits

IV. IMPACT:

A. Strategic Impact:

With the cooperation and understanding of Beyond Shelter, Inc., this extension agreement establishes a strong precedent for creating clear parameters as conditions for such extensions which preserve intended purpose and use of CDBG-DR funds while offering the opportunity to complete the original development agreement objective.

B. Service/Delivery Impact:

The extension creates the means to maintain an ability to be positioned should improvement in the city's housing market continue to undertake the new construction of affordable multi-family housing to meet future demand and needs.

C. Fiscal Impact:

None

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS

- i. Copy of Developer Agreement Extension
- ii. Copy of Original Developer Agreement