



TO: Mayor Shaun Sipma
Members of the City Council

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

DATE: March 23, 2020

SUBJECT: APPROVE SUNSET RIDGE PROGRAM AGREEMENT AMENDMENT

I. RECOMMENDED ACTION

City Council approve Amendment to the Agreement with Beyond Shelter, Inc. which provided CDBG-DR funds in support of construction of Sunset Ridge First of Two LMI Multi-Family Rental Housing Buildings

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Program Manager & Chief Resilience Officer, 420-4528

III. DESCRIPTION

A. Background

On June 18, 2015, the City of Minot entered into what was called a CDBG Disaster Recovery Program Agreement with Beyond Shelter, Inc. to provide \$100,000 in City's CDBG-DR funds to support construction of 74 units in two apartment buildings known as Sunset Ridge which the City required 100% of the units to be LMI for 20 years. State of North Dakota through several funding sources was lead agency for this project which is why the City did not issue the usually required RFP. On October 7, 2015 having subdivided the property into two lots, Beyond Shelter, Inc. conveyed Lot 1 Block 1 Sunset Ridge Addition to a newly created Limited Liability Limited Partnership called Sunset Ridge, LLLP. Beyond Shelter retained ownership of Lot 1, Block 2 which is the site of a planned second building. On October 7, 2015, a Declaration of Land Use Restrictive Covenant was attached to Block 1, Lot 1 Sunset Ridge Addition by Sunset Ridge, LLLP, granted to North Dakota Housing Finance Agency which among the requirements is that the 35 units in the building all be LMI until January 1, 2033, which is a shorter compliance period then set by the City in its agreement.

B. Proposed Project

The intent of the Amendment is to bring into compliance as best as possible as well as link the City's requirements with those of the State of North Dakota as follows:

- Incorporate Sunset Ridge, LLLP throughout the amended and restated Agreement to assure there are no questions regarding responsibility for compliance
- Include both the property conveyance deed to Sunset Ridge, LLLP and the Restrictive Covenant with North Dakota Housing Finance Agency as a new exhibit to the City agreement
- Provide that a violation of the Restrictive Covenant shall be a violation of the City Agreement

It should be noted that the City has confirmed through records that for the first quarter of 2020 that the LMI occupied units in Sunset Ridge meet the City Agreement percentage.

IV. IMPACT:

A. Strategic Impact:

The discovery of the compliance issues is the result of the city's ongoing internal review of past activities demonstrating to HUD that the City has an effective and continuing internal audit and compliance review policy, that, upon discovering errors, moves quickly to correct as well as assure no similar errors occur in the future.

B. Service/Delivery Impact:

Amendment creates coordination with State of North Dakota which had lead on this project as well as incorporates changed property ownership.

C. Fiscal Impact:

N/A

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS

- i. Amendment
- ii. June 18, 2015 Agreement between City of Minot and Beyond Shelter, Inc.
- iii. October 7, 2015 Warranty Deed transferring ownership to Sunset Ridge, LLLP
- iv. October 7, 2015 Restrictive Covenant granted by Sunset Ridge, LLLP to North Dakota Housing Finance Agency