1. Mill Pond Apartments Proposal – Taggert Medgaarden

2. Deferred Sewer and Water Assessments – Steven Lang (*backup to follow*)

3. Administrative Report

4. Open Discussion
Mill Pond Apartments - Austin

Project Summary

Three Rivers Community Action is proposing to redevelop the former YMCA property in Austin to create an attractive multi-story building with underground parking and green space. Three Rivers is working with project partners to create a preliminary building design that fits well with adjacent uses and meets the needs identified by the community. Three Rivers plans to submit an application for an allocation of 9% Housing Tax Credits (LIHTCs) in the July 2021 MHFA Multifamily RFP.

Project Details

- The 48-unit apartment building will house a mix of one, two, three, and four-bedroom units, a property management office, a supportive services office and a community room.

- The three-story building with underground parking will include an elevator and incorporate universal design elements. The building will be certified through the ENERGY STAR Multifamily New Construction Program.

- The total building area is estimated at approximately 84,600 gross square feet. The total above grade area is 63,400 gsf.

- Mill Pond Apartments will provide workforce housing to low and moderate-income individuals and families (at or below 80% area median income). Approximately 50% of the units will have rents affordable to households with incomes at or below 50% AMI.

- Monthly rents are anticipated to range from $678 for one-bedroom units to $1,080 for four-bedroom units.

- Seven units will be set aside for households that have experienced homelessness and 6 units will be set aside for persons with disabilities. On-site support services will be provided.

- Lloyd Management will provide property management services to the property.
• If funding is secured in the 2021 Minnesota Housing RFP, construction would start in the summer of 2022 and units would be leased in the summer of 2023.

Scoring Potential

Mill Pond Apartments is likely to score very highly as a 9% housing tax credit proposal. Several factors make the project attractive to Minnesota Housing:

• **Project Location** – In four key location-based scoring categories (Need for Affordable Options, Workforce Housing Communities, Transit and Walkability, and Rural/Tribal), Mill Pond Apartments scores a combined 27 out of 29 points. The project scores 3 additional points for its location in a Qualified Census Tract.

• **Large Family Housing** – the inclusion of four 4-bedroom units will meet a demonstrated need for larger family rental units in Austin as well as allowing the proposal to score 15 out of 15 points in this category.

• **Community Development and Equitable Development**– Three Rivers is working with Impact Austin and resident advocacy groups to claim points under these categories.

• **Rental Assistance, Supportive Housing and Serves Lowest Income** – inclusion of 13 supportive housing units with Housing Support rental assistance allows the project to score competitively in these categories. Maintaining 50% of unit rents at levels affordable to households with incomes at 50% of area median income yields additional points.

• **Universal Design and Sustainability**– all 48 units will qualify as Universal Design units and additional design elements will allow the project to score well under Green Communities criteria.

• **Financial Readiness/Leverage and Other Contributions** – City, HRA and Foundation contributions are necessary to score highly in these categories. If we reach 10.5% of total development cost in combined contributions, the project could claim 16 out of 16 points under Financial Readiness/Leverage. In addition, the donation of land allows the project to score well under Other Contributions.

Three Rivers is asking the City, HRA and the Hormel Foundation to contribute TIF and other financial resources to the redevelopment of the former YMCA property. These contributions are essential to developing a housing tax credit proposal that will meet the Austin community’s needs and score well in the state’s highly competitive Multifamily RFP.
Project Summary
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Who is Three River Community Action Inc:

Non-Profit Developer of the Fox Pointe project in Austin
48-unit apartment complex that will house a mix of one, two, three, and four-bedroom units, a property management office, a supportive services office and a community room.
What this project does:

- Creates more housing in the Austin Community (this leads back to our 2017 Housing Study)
  
  **Current needs according to the Housing Study:**
  Subsidized and affordable units - 139
  Market Rate units - 125
  (These numbers reflect projects since 2017)

- Finds a solution for the old YMCA site

- Adds more people living in the downtown area (good for downtown businesses).

- This location is what drives the viability of the tax credits
How this helps the YMCA:

- Gets rid of the dilapidated building that is currently costing them upwards of 100k a year (insurance, heat/water).

- Getting them dollars (proposed at $650,000) from an acquisition helps them fulfill their current obligation to the New Community Rec Center.

  - Satisfies ACGV outstanding pledge.
  - Replaces funds used out of Endowment.
## Project Cost:

<table>
<thead>
<tr>
<th>Source</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Hormel Foundation grant</td>
<td>$ 525,000</td>
</tr>
<tr>
<td>City of Austin/Austin HRA loans/grants (1)</td>
<td>$ 1,748,680</td>
</tr>
<tr>
<td>Three Rivers (mortgage/tax credits)</td>
<td>$ 12,623,839</td>
</tr>
<tr>
<td>Energy/Sales Tax Credits</td>
<td>$ 409,295</td>
</tr>
<tr>
<td>Additional Gap financing/cost reductions (2)</td>
<td>$ 635,556</td>
</tr>
<tr>
<td><strong>Total Estimated Project</strong></td>
<td><strong>$ 15,942,370</strong></td>
</tr>
</tbody>
</table>

(1) Included in this cost is $650,000 acquisition price from the YMCA.

(2) May include modular building versus stick built for cost savings.
The Request:

| Fund Balance - 2018 Murphy’s Creek interest payment (1) | $ 364,680 |
| Fund Balance – TIF #11 CRC Excess (2) | $ 283,000 |
| Fund Balance - City Housing Initiative/General Fund (3) | $ 500,000 |
| Fund Balance - City Housing Initiative/General Fund (HRA payback) | $ 400,000 |
| Austin HRA funds | $ 201,000 |
| **Total City of Austin/HRA funding** | **$ 1,748,680** |

(1) Interest received on similar Hormel Foundation grant for LMI housing project.
(2) If not used for LMI project, would need to be rebated back to Mower County.
(3) Paid back to City with 1.5% interest from TIF revenues on project.
An add-on scenario:

- We also have an opportunity to add SEMCAC Head Start to this project which would make it go from a 3-story to a 4-story complex, they would be located the first floor.

- This would add expansion for the SEMCAC Head Start program which currently serves 130+ children.

- Head Start is currently in a non-scalable, multi-level location and not ideal.

- ADDS $2,700,000 onto price tag.
Any Questions?
Housing Development

Since the late 1990’s, Three Rivers has created hundreds of affordable housing units in Minnesota in collaboration with the local community, private partners, and local government. The organization has extensive experience in cultivating partnerships with state, federal and local funders, creating innovative housing projects and developing strong long-term relationships with local cities, counties/townships, and community leaders.

Three Rivers’ Housing Development Division is made up of experienced professionals that ensure each housing project created meets the unique needs of low-income families and individuals. The agency’s Development Division has secured housing project funds from multiple sources such as federal Low Income Housing Tax Credits, federal and state Historic Tax Credits, HOME, CDBG, various state sources including PARIF and EDHC deferred loans and local sources such as Tax Increment Financing and employer contributions.

As a Community Housing Development Organization (CHDO) housing developer, the agency has:

- Developed 834 affordable housing units including 678 rental units and 156 single family homes
- Attracted over $109 million in investment capital to create and sustain local construction jobs and needed housing opportunities
- Created supportive housing units for persons with disabilities and families and individuals who have experienced the trauma of homelessness

Three Rivers Community Action
Incorporated in 1966, Three Rivers Community Action is a non-profit human service organization with a mission “to work with community partners to address basic human needs of people in our service area, thereby improving the quality of life of the individual, family and community.”

Three Rivers' programs include:

- Head Start
- Energy Assistance & Weatherization
- Senior Services & Home Delivered Meals
- Homeless Re-Housing Services and Homeless Prevention
- Public Transportation
- Affordable Housing Development/Preservation

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