Community Development

Annual Report to the Board of Directors
June 19, 2019

Housing Development

Who we are and how we work together…

- Susan Strandberg – Developer
- Chris Flood – Developer
- Clara Krause – Asset Manager
- Megan Segar – Specialist/Loan Processor
Overview of Projects Completed to Date:

- Preserved 336 affordable rental units
- Created 242 new affordable rental units
- Rehabilitated and re-sold 32 single family homes
- Rehabilitated 18 owner-occupied homes
- Built 101 single family homes

Unit Summary Spreadsheet
2018 Highlights

- Totals: 741 units completed and 101 pending (includes Fox Pointe building C)
- $91,720,712 in Total Development Investment to date; $109,774,617 in Total Funds Awarded
- Behind the numbers: Public / Private Partnerships
  - Private Investors
  - HRA’s – land donations, funding contributions
  - Cities – TIF
  - Counties - CDBG
  - Federal Home Loan Bank
  - Other private foundations
- Housing created in communities across the region – *meeting local needs*
Housing Operations Spreadsheet: 2018 Highlights

Last year our rental properties were home to:

• 392 children
• 87 households of color
• 199 seniors & persons with disabilities
• 238 households were receiving rental assistance

In addition....

• Projects paid $381,420 in property taxes
• TRCA earned $306,677 in unrestricted fees/distributions

Projects Completed in 2018/2019....
Ivy Manor, Virginia (case of the month)

- **Ivy Manor** historic rehab of 41 units in Virginia, MN
- Three Rivers was a consultant for AEOA (Began in 2014)
- Funded June of 2016
- 22 homeless units with services
- Rehab complete in the late winter/early spring of 2018

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Ivy Manor, Virginia

- **Total Development Cost:** $7,956,131
  - $525,000 Acquisition
  - $5,668,682 Rehabilitation hard costs
  - $606,961 Professional Fees (architect, historic consultant, legal, relocation, etc)
  - $500,000 Developer Fee
  - $248,758 Syndicator & Financing Costs
  - $386,750 Reserves

**Sources**

<table>
<thead>
<tr>
<th>Construction Loan:</th>
<th>Term</th>
<th>Rate</th>
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<tr>
<td>Bremer Bank</td>
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<td>3.00%</td>
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**Permanent Financing:**

- Syndication Proceeds - MHEG: $4,514,272
- Federal Historic Proceeds: $1,245,301
- State Historic Grant - Sponsor Equity: $899,996
- Minnesota Housing EDHC MF: $438,000
- Greater Minnesota Housing Fund: $300,000
- State Historic Grant Sponsor Cash Flow Loan: 16, 2.33%: $400,000
- Sales tax rebate: $63,120
- Energy rebate: $2,768
- Deferred Developer Fee: $102,074
Ivy Manor, Virginia

Unique Aspects....

- Partnership with the Virginia HRA & 2 Service Providers
- Extensive planning with providers – linked existing services & rental subsidies with high-quality affordable housing
- Combined historic tax credits with LIHTC – navigating the process
- Converted the property off of aging steam system to high-efficiency natural gas
- Installed an elevator
- Lloyd Management – Northern expansion
- Partnered with Bremer Bank – Construction loan & Midwest Housing Equity Group (MHEG) – Syndicator

Ivy Manor – “Before”
Ivy Manor – “After”
Grand Opening! (July 2018)
Current Development Projects

Agassiz Townhomes, Crookston

- New construction of 30 townhome units
- Three Rivers is a consultant for Tri-Valley Community Action
- Partnership with the Crookston HRA & 4 homeless units with services
- $7,337,729 TDC
- Local Sources: Employer Contributions ($24,500), Bremer grant (35,000), CHEDA grant (17,500)
- Closing on permanent financing in June 2019
Projects we are working on right now....
Current Development Projects

- **Jeremiah Program Rochester Campus – Summary**
  - Three Rivers is the Consultant
  - 40 subsidized units with on-site services for mothers with young children
  - Two-generational approach to ending poverty
  - Mothers enroll in college (2 or 4 year) & Head Start & Early Head Start on-site; partnership with Families First
  - Many local partners – RAF & Coalition, City, HRA, Donors

Current Development Projects

- **Jeremiah Project - Update & Timeline**
  - Selected Weis Builders as the General Contractor
  - Closing on financing scheduled for June 28th
  - Construction to begin on July 1st
  - Construction completion target month is May, 2020
Current Development Projects

Fox Pointe Townhomes in Austin

• New construction: 38 units
  • Affordable housing for families

• 4 Units for homeless households – Three Rivers Family Advocacy

• Partnership with the Austin HRA
  • Hormel Foundation contribution
  • Land & Project Based Section 8

• Under construction: Lease-up of 2 of the 3 buildings in April/May

• Target Completion Date – July 31, 2019
Current Development Projects

Riverwood in Cannon Falls

- Acquisition/Rehab of 2 USDA 515 properties (Rivers Edge & Wood Knoll)
- 39 units, occupied rehabilitation; 10 RA units
  - Persons with disabilities and seniors
- Secured $3,136,474 in MHFA PARIF funds (and $19,000 UMOS grant funds)
- Rehab will address critical needs: roof, mechanical, sidewalk (accessibility), parking lot, kitchen upgrades and lighting
- Transfer application June 2019
- Rehab to begin end of 2019
Riverwood – Needed Rehab

Projects we are proposing....
2019 Project Proposals

Spring Creek II - Northfield

• Expansion of existing, successful Spring Creek Townhomes

• 32 townhome units, including 4 units for homeless families & 4 units for persons with developmental disabilities

• Service Provider Partners: South Central Human Relations Center (SCHRC), Rice County Social Services and the Laura Baker Service Association

• Proposed Rental Assistance – 8 units of Housing Support

• Total Development Cost: $10.9 million

• Local Contributions– Northfield HRA (Land) & City (TIF)
2019 Project Proposals

Brewery Creek - Duluth

- Co-Developer with One Roof Community Housing
- 35 apartment units in downtown Duluth
- 4 units for homeless individuals & 4 units for persons with mental health challenges
- Service Provider Partners: Human Relations Center (HDC) and Saint Louis County Human Services
- 10 units of Project Based Section 8 – Duluth HRA
- Local Contributions– City of Duluth (TIF, CDBG, Site Work), LISC (pre-dev loan), Fond du Lac Band of Ojibwe, Essentia Health, Local Anonymous Donor.
- Total Development Cost: $14.8 million
2019 Project Proposals

Rochester Parking Ramp #6 Affordable Housing Proposal

• Responded to the City of Rochester’s RFP on June 14th

• Proposal includes 40+ units of 9% tax credit units with potential to create additional units with local contributions and an investor-partner, if selected

• Architect: HGA Architecture

• Proposed Supportive Housing & Rental Assistance – PSH & Disability units with Housing Support. Partnership with SEMCIL.

• Interview announcements: July 8th
Developer Fee Summary

Each project will produce a significant contribution to our Housing Development operations budget & our ability to invest in future innovative housing projects...

- Ivy Manor = $127,620 (received $56,570 & $93,429 invoiced in June)
- Agassiz = $150,000 ($15,000 delivered in 2017 with remainder to be paid in 2019)
- Jeremiah Project = $100,000 ($15,00 paid in 2018, $55,000 in 2019, remainder in 2020)
- Fox Pointe Townhomes = $299,341 (Pending with $571,000 deferred – cash-flow)
- Riverwood Apartments = $455,000 (Pending for 2019/2020)
- Brewery Creek Apartments = $600,000 projected (application phase)
- Spring Creek II Townhomes = $700,000 projected (application phase)

Achieve Homeownership

Who we are and how we work together...

- Ojoye Akane– Homeownership Advisor
- Abdirahman Hassan – Homeownership Advisor
- Joann Covarrubias – Homeownership Advisor (New May 2019)
- Megan Seger – Data collection/file management
Achieve Homeownership

Identifies and addresses barriers to homeownership faced by diverse households across southern Minnesota

- Culturally-tailored financial literacy, homebuyer education, and pre-purchase counseling
- Key Element: Intensive financial coaching
- Trainings for local lenders/real estate agents in affordable programs for homebuyers
- Leverage financial resources to assist emerging market households in entering homeownership

Financial Resources

Emerging Markets

- Eligible emerging markets households can also access downpayment/closing cost assistance

Sources:
- Minnesota Housing Finance Agency – Impact Funds
  - Max of $10,000
- Greater Minnesota Housing Fund
  - Max of $8,500
2018 Impact Summary

- 110 households comprehensive financial counseling services
- 89 households received ‘short-term’ pre-purchase counseling services
- 101 households graduated from Homestretch
- Over 36 households purchased homes
- 20 households accessed downpayment/closing cost assistance

Homeownership Team & Families (Spring 2019)
Energy Assistance & Weatherization
2018 Report

- 12,611 unduplicated individuals were served by Energy Assistance (4810 households)
- 4021 individuals were provided crisis assistance (1,245 households)
- 485 individuals benefited from ERR
- 20 homes received Weatherization
- 12 additional homes received standalone water heater replacements

Thank you!
Questions?

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