

**CENTRAL CORRIDOR AFFORDABLE HOUSING PARTNERSHIP
AGENDA
December 17, 2009
1:30 p.m.**

**Meeting Location
622 Selby Ave.
St. Paul, MN
2nd Floor**

- I. Introductions and Updates - (10 minutes)
 - A. Updates on partner work or other issues relevant to the corridor impact area
 - B. Additional City land acquisition along University Ave.
 - C. Build America Bonds – a City tool for Central Corridor?
 - D. Update on choosing an additional stop

- II. Presentation:
Steve Manger, St. Paul – Code Enforcement (30 Minutes)
 - A. Discussion of enforcement tools used for single family rentals, small multi family rentals and how they deal with vacant homes

 - B. Question/Answer Session: (20 minutes)

- III. Property Taxes Follow up Discussion (20 Minutes)
 - A. Identifying the most pressing issues
 - B. Proposal for community education piece on impact of Central corridor on property taxes

- IV. Next Meeting/Adjourn

**CENTRAL CORRIDOR AFFORDABLE HOUSING PARTNERSHIP
MINUTES
November 19, 2009
1:30 p.m.**

Meeting Location
622 Selby Ave. - 2nd Floor
St. Paul, MN

I. Introductions and Updates

Updates on partner work or other issues relevant to the corridor impact area

Tim Thompson, of HPP, noted several updates. HPP continues to talk to a number of people on what they think will happen along CC. Steve Wellington, former PED official and currently a developer, who has done commercial and residential development along Hiawatha corridor and University Ave, offered an opinion contrary to that of many people: he thinks that Frogtown area may not change at all after CC, because in his view transit related development happens mostly around transit stops in more affluent areas. Tim also suggested that we have to remember that different conditions calling for different strategies will occur over time; speaker at recent national conference argued that from the time a new transit corridor is built until full build-out along the corridor the market can go through 3 or 4 market shifts.

Tim then noted one other update—HPP is trying to investigate a possible strategy for preserving affordability in these neighborhoods after the line is built—whether there are potential bargain opportunities to acquire and preserve small multifamily developments in these neighborhoods going through foreclosure. These properties could be captured by a nonprofit and run as affordable scattered site rental housing. For example, PAK properties, a for-profit St Paul landlord, is buying up lots of duplexes and small MF properties—they are also interested in partnering with a nonprofit.

Rena Moran views the risk differently than Steve Wellington. In the time period after a light rail redevelopment the area may change. Rena passed around a sheet (attached) with the Save Our Homes Campaign proposal (described below).

II. Update on City of St. Paul activities

Lessons learned from initial land acquisition along Univ. Ave.

Luis Perreira from the City of St. Paul updated on the LAAND program. The City of St. Paul received a 2 million dollar loan through the program (1 million from Minnesota Housing, 1 million from the Met Council). The City of St. Paul will need to pay this money back in 5 years. The money has to be used to purchase land

for affordable housing in St. Paul along the Central Corridor. The program does not cover holding costs, just acquisition costs. They are looking for money to cover these holding costs. Money has been used thus far to purchase the Saxon-Ford site. City views this as an experiment.

CCAHP is waiting to see how this LAAND program works. If it works well CCAHP could advocate for more money to be put into land acquisition funds.

Central Corridor Zoning Study

The Central Corridor Zoning Study is moving forward. St. Paul will be looking at the current zoning structure and existing districts. Is there a need to add a different zoning district to accommodate transit oriented development? The first documents for informal public review should come in January. There will be presentations by the City of St. Paul to district councils, chambers, and business groups in the spring. They will bring it to the city council in the fall.

III. Funders Collaborative decision not to fund CCAHP co-conveners

Tim reported that the three CCAHP convening organizations, HPP, CSP and LISC, just learned that the funders collaborative has declined to provide them further funding for this work, because the collaborative feels the agencies and funders who will have to implement the strategies we're identifying are insufficiently involved in our process. Because of this, it's unclear if the three groups will be able to continue to put this much work in to CCAHP. Metric added that we intend to continue with these meetings for the time being, however.

Follow up Discussion: Housing Recommendations (from last meeting) (10 minutes)

There are draft recommendations that were previously discussed, as well as a letter to sign onto regarding affordable housing bonding part of which could be targeted to the CC area. Comments on the draft recommendations are welcome either now or later. Organizations in CCAHP will only be listed as signing on to the letter if the organization has indicated they are signing on.

IV. Assessing the Risk of Property Tax Increases Along Central Corridor

*Diane Dube, William Mitchell School of Law
Briefing from Report "Central Corridor Light Rail and Property Taxes"*

Diane Dube taught a policy analysis class with a case study of property taxes along the central corridor. Proximity to the station stops is a factor in rising or falling of property taxes. Rezoning, even without any immediate redevelopment,

can also have an impact on property values. Zoning and rezoning will affect whether individual parcels of land will rise or fall. Luis Perreira also provided a memo analyzing the impact of transit corridors on property taxes in various locations around the country. The record on whether transit corridors have created increased property values is mixed.

Ramsey County Commissioner Toni Carter
VIDEO: "14 Ways Property Taxes Rise and Fall"

Commissioner Carter brought a video about the factors that affect property taxes. She also passed out an executive summary from Ramsey County. She explained that property taxes go up and down because of a combination of market forces, local government actions, and the actions of federal and state government, as well as the courts. Because of this, increases in property value are only one of many factors affecting the tax bill. In general, in Minnesota, over time property taxes have gone up as state aid has gone down. Ramsey county is doing everything it can to limit its share.

Theresa and Steve from the Ramsey County Assessors Office presented on how taxes work in Ramsey County

For individual homeowners, they advise: Check to see what the classification of your property is. The class rate determines the levies. The property tax is 1% of the market value. They set the market value rate on January 2nd each year, these taxes are to be paid the next year. For example property values were set on January 2nd, 2009 and taxes from those values will be paid in 2010. Commercial properties generally pay three times as much as residential. If the commercial property values fall dramatically, they may end up paying less in taxes, and the residents may end up paying more.

Due to the recent decline in the housing market, there has been a general decline in property values throughout Ramsey County, which doesn't necessarily translate into a tax decline on any given house due to all the factors described above. It is really important for homeowners feeling burdened by increased property taxes to make sure they are taking advantage of all the options for controlling their property tax bills. This includes not only registering as homestead and applying for refunds where eligible, but also applying under other mitigation programs, such as those for certain senior citizens, blind and disabled, disabled veterans, etc. (CCAHP will try to assemble all this information for the community.)

Rena Moran explained that the Save Our Homes Campaign believes action should be taken now to anticipate likely increased taxes from increased valuations following construction of the light rail line. The group proposes creation of a fund which would cover most of the increase in property tax bills for homestead properties and rental properties along a section of Central Corridor.

Upon sale of the home, the owner repays the portion of taxes paid by the Fund.

Questions were raised about the proposal put forward by Rena's group. In response to a question about whether cities or counties could do any of this without a state law change, Commissioner Carter said no. If the city wanted to set up its own fund, however, it could probably do so. It would need to be designed to target those most in need, and of course would need the support of the city council.

V. Next Meeting/Adjourn

Thursday December 17th, 2009 at 1:30pm at Mississippi Market

Proposal from the Save Our Homes Campaign*

November 21, 2009

What We Want

We want the City of Saint Paul to create a fund for the partial deferral of property taxes on eligible residential properties.

An eligible residential property is:

Located in an area one – half mile north and south of University Avenue and between Prior Avenue & Rice Street .

AND EITHER

Is a **homestead property** (occupied by the owners as their home)

OR

Is a **rental property** for which the record owner(s) have agreed to voluntary rent controls

How it works:

An owner of an eligible property pays a predictable portion of the annual property tax bill (102% of the previous year's property tax bill before special assessments). **The rest is paid from the fund.**

Upon sale:

Of an eligible *homesteaded* property, the homeowner will repay the amount paid by the fund for the three previous tax years, unless the property is sold to a relative who is a parent, child, grandchild, cousin, aunt, or uncle, of one or both of the selling owners.

Of an eligible *rental* property, the owner(s) will repay the amount paid by the city for the ten previous tax years, unless the new owner(s) agrees to maintain the voluntary rent controls on the property for a minimum of 15 years.

All amounts repaid by the eligible property owner(s) will be put into the fund to be used to continue the partial deferral of property tax program and to create and maintain affordable housing units in the target area.

Once a property is sold to a non-relative or the rental property is no longer subject to voluntary rent controls, the property is no longer eligible for the property tax deferral program.

**Proposed by Neighbors Standing Together to Save our Homes and Preserve our Community, Aurora-St. Anthony Neighborhood Development Corporation, Metropolitan Interfaith Coalition for Affordable Housing (MICAH) & Take Action Minnesota*

Central Corridor Affordable Housing Partnership

December 17, 2009

Representative Alice Hausman
453 State Office Building
St. Paul, MN 55155

RE: Non-Profit Housing Bonds and Central Corridor

Dear Representative Hausman:

We write to express our strong support for the proposal to include non-profit housing bonds in Minnesota Housing's capital investment budget in 2010.

The groups signing below are all participants in the Central Corridor Affordable Housing Partnership (CCAHP). CCAHP is an ongoing community led planning process focused on affordable housing issues along the Central Corridor light rail line. CCAHP is working to identify and seek implementation of strategies to achieve two goals: ensuring that an appropriate share of new units built and existing units preserved along the Corridor are affordable, and identifying ways to minimize involuntary displacement resulting from the economic change likely to follow.

The nonprofit housing bond proposal would allow for the acquisition, rehab and ongoing operation of foreclosed properties as rental housing. We know that many of these foreclosed properties, whether single family or multifamily, will function as rental properties in the future. We also know that not all investor-owners will be operating those properties with the city's best interests in mind. While rental properties managed by responsible private sector actors are also part of the solution, it is essential that we allow our established nonprofit housing providers the ability to provide quality safe rental options in these high foreclosure neighborhoods.

In addition, CCAHP has a special concern about the Frogtown and East Rondo neighborhoods flanking the new light rail line. While no one knows for sure what economic conditions will prevail following construction of the Central Corridor LRT, the most reasonable assumption is that property values and development opportunities in adjoining neighborhoods will escalate. While this can bring benefits to these neighborhoods, there is also the prospect of involuntary displacement, resulting from the loss of low cost rental housing, due to skyrocketing rents and conversion of rental buildings to other uses.

An important way to build in protections against involuntary displacement of lower income renters is to act now to place more of these properties into the hands of responsible nonprofit owners. In St. Paul, the opportunities to target foreclosed rental properties certainly exists. In 2008, 30 apartment properties (buildings of 4 or more units) went through foreclosure. So far in 2009 the data suggests sheriff sales on 188 duplex or triplex properties in St. Paul, and 15 small apartment buildings (19 units or less).

We hope you will support funding for this critical initiative, which has the ability to protect tenants from the one/two punch of both the current foreclosure crisis as well as the likely future light rail line gentrification impacts.

Sincerely,

Tim Thompson
President, Housing Preservation Project
570 Asbury Street, Suite 105
St Paul, MN 55104

Also on behalf of:

**Twin Cities Local Initiatives Support
Corporation (LISC)**

**Metropolitan Consortium of Community
Developers (MCCD)**

Jewish Community Action

Rondo Community Land Trust

Model Cities

Cc: Tonja Orr, Minnesota Housing Finance Agency

How the Central Corridor Light Rail Line Might Affect Residential Property Taxes

- I. Will property values rise once the light rail line is built ? (evidence is mixed though more likely than not, at least some property values will rise)
- II. If my property goes up in value, how does it affect my property taxes ? (this would be one factor pushing up the bill, though lots of factors can drive the bill up or down.)
- III. What can I do to limit my bill ? (homestead registration, applying for applicable refunds, applying for programs to mitigate increases where appropriate)
- IV. Are there other things that could be done to limit my taxes ? (proposals like Save Our Homes Campaign)