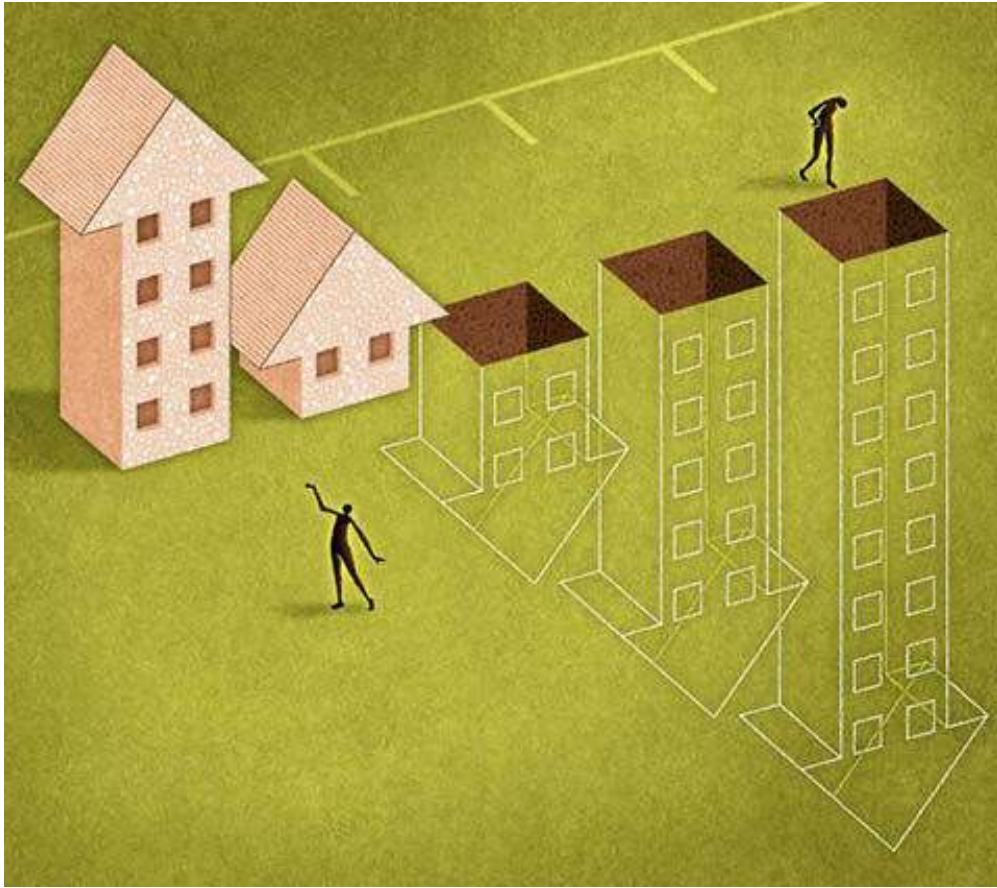


Council to continue as sponsor of Kennedy apartments

By Frank Stanko • Daily News franks@wahpetondailynews.com Jul 26, 2016



With a 6-0 vote Monday, July 25 Wahpeton's City Council approved entering into a loan agreement that will have the city continue as sponsor for the upcoming Kennedy Park Apartments.

The Kennedy Park project, which will be developed on land in the Westdale addition north of Walmart in Wahpeton, has been awarded \$370,000 in community development block grant funds through the North Dakota Division of Community Services.

"(Wahpeton) acts as the 'pass through' agent for the funding, to ensure the public funds are committed to acquire land for the construction of a 40-unit family housing project compliant with the low-income housing tax credit program through the North Dakota Housing Finance Agency," said Finance Director Darcie Huwe.

Sale of a four-acre parcel to G.A. Haan Development, based out of Harbor Springs, Michigan, is expected to close this week.

Mitch Calkins, program administrator for the Lake Agassiz Development Group, said the loan agreement is designed by the Division of Community Services to recoup the funding in the event of G.A. Haan declaring bankruptcy or sells its property.

“Each year, one-twentieth of (\$370,000) will be forgiven for up to 20 years,” he said. “There will be no actual payments made. It’s just more of a way to have that security. If something happens, the state can get that money back.”

The agreement is a standard financial mortgage agreement that includes a promissory note and was reviewed by City Attorney Steve Lies, Huwe said.

After the agreement passed, Wahpeton’s Finance and Personnel Committee met to review a 20-year payment in lieu of taxes application for Kennedy Park Apartments.

“The last few (applications) that have been presented to the council used a consistent formula of an 80-60-40-20 declining exemption over five years,” Huwe said. “This one’s a little bit unusual because they actually asked for the maximum time period allowable by law. We don’t see those very often.”

Huwe and City Auditor Carla Broadland could not find another 20-year application Wahpeton had approved, Huwe said. Broadland said she assumed G.A. Haan had made such an extended application because it was the largest allowed.

With a 3-0 vote, the committee recommended city council approval of a five-year payment in lieu of taxes agreement.

“After Monday night, that proposal would be taken back to Ben Ide with G.A. Haan Development as our proposal. We would go ahead and ask the council to make a motion to set and schedule the public hearing for Tuesday, Sept. 6. There’s some publication requirements – it takes approximately five weeks to set up a (payment in lieu of taxes) public hearing. There would still be time between now and Sept. 6 for the council to weigh in on this more,” Huwe said.

Councilmen Brett Lambrecht, 3rd Ward and Perry Miller, at-large, were not present at the city council and subsequent finance meeting.

The next city council meeting is scheduled for 5 p.m. Monday, Aug. 1 at City Hall, 1900 Fourth St. in Wahpeton.