



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
DECEMBER 16, 2019
7:00 PM**

Call to Order

Approval of the minutes of the: 1) Concurrent HRA, City Council and Planning Commission Work Session of November 18, 2019; 2) Regular HRA meeting of November 18, 2019.

AGENDA APPROVAL

1. Approval of the Agenda

OTHER BUSINESS

2. Consideration of a transfer of funds from the Housing and Redevelopment General Fund to the Gramercy Tax Increment Fund and to the Interchange Tax Increment Fund for administrative expenses.

Staff Report No. 41

HRA DISCUSSION ITEMS

3. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

4. Executive Director's Report

CLAIMS

5. Claims
6. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Concurrent Housing and Redevelopment Authority, City Council and Planning Commission Work Session

November 18, 2019

CALL TO ORDER

The work session was called to order by Chair Supple at 5:45 p.m. in the Bartholomew Room.

*HRA Members
Present:*

Mary Supple, Chair; Erin Vrieze Daniels; Pat Elliott; Maria Regan Gonzalez; and Sue Sandahl.

*Council Members
Present:*

Maria Regan Gonzalez, Mayor; Edwina Garcia; Mary Supple; Simon Trautmann; and Ben Whalen.

*Planning Commission
Members Present:*

Allysen Hoberg, Chair; James Rudolph; Kathryn Quam; Sean Hayford Oleary; Peter Lavin; Bryan Pynn and Susan Rosenberg.

Staff Present:

Katie Rodriguez, City Manager; John Stark, Director of Community Development/HRA Executive Director; Julie Urban, Housing Manager; and LaTonia DuBois, Administrative Assistant.

Others Present:

Representatives from the Locus Architects, NHH Properties, Boisclair Corporation development team and Representatives from Broadway Investors

Item #1	CONSIDERATION OF TWO POTENTIAL DEVELOPMENT PROPOSALS FOR 6501 PENN AVENUE SOUTH.
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Julie Urban, Housing Manager, gave background on this site, a brief recap of the work session in September and outlined the direction needed from policy makers and some key talking points. Housing Manager Urban also mentioned an evaluation form for policy makers to complete to help with guidance.

Housing Manager Urban introduced development team Locus, NHH and Boisclair. The Locus, NHH and Boisclair, the development team presented their vision focused on people, place and possibility. They expressed their desire to focus on affordability and equity using a 3 phase approach to the development, focused on future development and the need to be inclusive. Phase A; increases commercial potential, dwelling unit count up to six stories. Phase B; creates an L shape plan to include townhomes, about 10 units, with a large green space in the center. Phase C; expands to the South offering more commercial on ground floor and bringing more street activity to Penn Avenue.

The Locus, NHH and Boisclair development team presented the intent to offer a variety of subsidy depending on financing, they intend to submit application to the Minnesota Housing requesting either a 9 or 4 percent tax credit, proposing income averaging of 30 – 80 % AMI also proposing S811 units, project based rental assistance administered from Minnesota Housing, with referrals coming from the Department of Human Services. They explained the accessibility of the proposed development, including units for hearing and vision impaired and full accessibility.

Chair Supple read questions submitted by Disability Advocates, to which the development team responded they would be all inclusive and accessibility would be available to the outside sidewalk without using the parking lot.

The development team offered more ideas pertaining to commercial space and open/green space to feed the residents and the neighborhood.

Planning Commissioner Hayford Oleary inquired about Phase B; and how much the three properties are worth versus how much would be required to develop the 10 townhomes and about moving on with Phase A with the assumption that Phase B would work and why they chose townhomes opposed to apartments.

The development team agreed that Commissioner Hayford Oleary's assumption was correct and the land cost would be high, but that they plan to work with different programs through Met Council and the state to make the figures work. Mentioned that site plans change throughout the development process and this is step one.

Council Member Whalen inquired about the competition to receive funding and how the project and affordability would change without the funding.

The development team explained that they are affordable housing developers and they would keep working to get the funding and they have the experience to score high.

Planning Commissioner Lavin was discouraged by language being used regarding the time line and uncertainty about the townhomes and concerns for partial development.

The development team explained the time line is part of the affordability process. Spoke of a HUD pilot program that allows faster underwriting time.

Chair Supple called on the next development team, Broadway Investors.

Broadway Investors presented three different options. First Option; A being a Mixed Use 5 story building located on the current Bumper to Bumper site. Second Option; B would be a Mixed Use building that scrolls over to the East and covers the three residential parcels to the East. Option; C incorporating the first two options as well as the property to the South with a Mixed Use Commercial building lower level units and 4000 square feet of restaurant, co-working office space and a tap house. Levels 2-5 will consist of approximately 160 apartment units with affordability being 20% of units at 50% AMI, explained parking options, green space. Plans to use relationship built with Fraser for accessibility, current plan offers 3-4 ground level accessible units. Broadway Investors explained overall design features and vision with an innovative and active space providing walkability, accessibility and rooftop decks.

Planning Commissioner Lavin inquired about excess parking due to popularity of a tap room.

Broadway Investors explained the current plan falls in line with parking requirements.

HRA Commissioner Vrieze Daniels inquired about mix of unit size and the green wall.

Broadway Investors explained the units would be a mix of 1 bedroom, 2 bedrooms, 1.5 bedroom and studio apartments and they are looking into plants that can withstand cold Minnesota winters for the green wall.

Planning Commissioner Lavin inquired about acquiring the lots to the East.

Broadway Investors spoke of already having a contract with one of the single family home and are still under negotiations with others.

Chair Supple asked Broadway Investors to define what they mean by fully accessible.

Zero step into units as well as bathrooms, roll under cooktops, etc. and roll in showers. People would be able to get into the building without accessing the parking lot.

Planning Commissioner Hayford Oleary asked for clarification on eastern parking and green wall and expressed dislike about blank wall on surface lot facing Oliver.

Director Stark went over staff thoughts and offered explanation.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:55 p.m.

Date Approved: December 16, 2019

Mary B. Supple
HRA Chair

LaTonia DuBois
Administrative Assistant

John Stark
Executive Director



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

November 18, 2019

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m. in the Council Chambers.

HRA Members Present: Mary Supple, Chair; Pat Elliott; Maria Regan Gonzalez; Sue Sandahl; and Erin Vrieze Daniels.

HRA Members Absent: None

Staff Present: John Stark, Executive Director; Myrt Link, Community Development Accountant; and LaTonia DuBois, Administrative Assistant.

APPROVAL OF THE MINUTES

M/Sandahl, S/Vrieze Daniels to approve the Regular Housing and Redevelopment Authority meeting of October 21, 2019.

Motion carried 5-0.

Item #1	APPROVAL OF THE AGENDA
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M/Elliott, S/Sandahl to approve the agenda.

Motion carried 5-0.

Item #2	CONSIDERATION OF THE CONSENT CALENDAR
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Executive Director Stark presented the Consent Calendar:

- A. Consideration of the transfer in the amount of \$39,309 of Non-Tax Increment Funds from the City Bella Tax Increment Financing District to the Richfield Housing and Redevelopment's Development fund. (S.R. No. 38)

Commissioner Elliott asked for clarification of what funds could be used for. Director Stark explained.

M/Vrieze Daniels, S/Sandahl to approve the consent calendar.

Motion Carried 5-0.

Item #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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None.

Item #4	CONSIDERATION OF A RESOLUTION DECERTIFYING THE GRAMERCY TAX INCREMENT FINANCING DISTRICT. (S.R. NO. 39)
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Community Development Account Link presented staff report No. 39.

M/Regan Gonzalez, S/Sandahl to adopt a resolution decertifying the Gramercy Tax Increment Financing District.

Motion Carried 5-0

Item #5	CONSIDERATION OF A RESOLUTION DECERTIFYING THE INTERCHANGE TAX INCREMENT FINANCING DISTRICT. (S.R. NO. 40)
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Community Development Account Link presented staff report No. 40.

Commissioner Sandahl spoke of the benefits of decertifying Tax Increment Financing Districts early. Director Stark praised past management, policy makers and staff.

M/Sandahl, S/Vrieze Daniels to adopt a resolution decertifying the Interchange Tax Increment Financing District.

Motion Carried 5-0.

Item #6	HRA DISCUSSION ITEMS
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None.

Item #7	EXECUTIVE DIRECTOR REPORT
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Executive Director Stark shared updates regarding the Emerson Lane proposal and the next steps involved.

Item #8	CLAIMS
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M/Supple, S/Elliot that the following claims be approved:

U.S. BANK	07/15/2019
Section 8 Checks: 131195 – 131272	\$158,037.64
HRA Checks: 33746 - 33761	\$37,096.61
TOTAL	\$195,134.25

Motion carried 5-0.

Item #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:15 p.m.

Date Approved: December 16, 2019

Mary B. Supple
HRA Chair

LaTonia DuBois
Administrative Assistant

John Stark
Executive Director



STAFF REPORT NO. 41
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
12/16/2019

REPORT PREPARED BY: John Stark, HRA Executive Director & Myrt Link, Community Development Accountant

OTHER DEPARTMENT
REVIEW:

EXECUTIVE DIRECTOR
REVIEW: John Stark, Executive Director
12/10/2019

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a transfer of funds from the Housing and Redevelopment General Fund to the Gramercy Tax Increment Fund and to the Interchange Tax Increment Fund for administrative expenses.

EXECUTIVE SUMMARY:

At the November 16, 2019 meeting, the Housing and Redevelopment Authority (HRA) authorized the decertification of the Gramercy and Interchange Tax Increment Financing Districts.

As with every prior TIF (Tax Increment Financing) District decertification, a thorough final financial review was conducted on these funds. Among the findings of this review is that the administrative expenses incurred for these Districts exceeds the cumulative 10% statutory limits. The excess in the Gramercy TIF District is \$17,888 and the excess in the Interchange TIF District is \$46,528.

As a result, the HRA will need to transfer funds in from another source. Administrative expenses consist mainly of staff time, legal costs and financial consultant costs. There are funds available in the HRA General Fund to make the needed transfers (the current balance of this fund is \$1.2 million).

The cause of this financial situation is the fact that the external financial obligations of these TIF Districts have been met prior to the conclusion of the term of each of the Districts. As a result, the HRA is obligated to decertify the Districts early. Administrative expenses are disproportionately borne in the early years of a TIF District. Due to the early decertifications, however, there will be several years worth of TIF that will have been foregone resulting in a lack of a funding source to pay the outstanding administrative costs. In the case of the Gramercy District, 10% of the annual increment has been approximately \$42,700 during the past three years and for the Interchange District, the 10% has been approximately \$16,700 annually during this period. If the HRA would have been able to keep the districts functioning for their full term, all of the administrative expenses would have been paid.

In addition, the Gramercy District has also reached the 15% statutory pooling maximum and will be returning \$121,911 to Hennepin County in Excess Increment. This amount will be redistributed among the taxing jurisdictions and approximately one-third (\$40,637) will be returned to the City of Richfield.

The Interchange District does have approximately \$337,762 still available that could be used for pooling. When this District was established, the HRA did not foresee pooling TIF for the District. Staff will be working

with our financial analysts (Ehlers) and HRA legal counsel to determine if the use of these pooled funds for eligible costs within the City of Richfield would be valid or if these funds would need to be returned to Hennepin County for redistribution.

RECOMMENDED ACTION:

By Motion:

1. **Approve the transfer of \$17,888 from the HRA General Fund to the Gramercy Tax Increment Financing District.**
2. **Approve the transfer of \$46,528 from the HRA General Fund to the Interchange Tax Increment Financing District.**

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

The Gramercy Tax Increment District was established in April 1999 and was to be decertified in 2025, but was actually decertified 6 years early because all of the obligations were met. Because our administrative expenses are cumulative and anticipated to be spread out over a 25 year period they were over the 10% statutory maximum in 2018, therefore needing additional funding.

The Interchange Tax Increment District was established in April 1997 and was decertified in November 2019. The maximum statutory decertification date was 2023 so it was decertified 4 years early because all of the obligations were met. Because our administrative expenses are cumulative and anticipated to be spread out over a 25 year period they were over the 10% statutory maximum in 2018, therefore needing additional funding. Also adding to this shortage, is in 2016 we had to pay Hennepin County back \$330,676 for an over settlement due to a tax court ordered adjustment on a parcel in the tax increment district. All increment received since this time has gone to pay back this amount, none has gone to pay administrative expenses.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- All transfers must be approved by the HRA Board.

C. CRITICAL TIMING ISSUES:

- These transfers must be approved/made before year-end.

D. FINANCIAL IMPACT:

- The HRA General Fund has funds available to transfer.
- Hennepin County will return approximately \$40,637 to the City of Richfield, which is the City's share of returned increment. The City could opt to give this to the HRA which would reduce the impact of these transfers to the HRA.

E. LEGAL CONSIDERATION:

- None

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the transfer of funds.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None