

## **08/22/2023 Minutes from Housing and Redevelopment Authority Meeting**

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### **CALL TO ORDER**

Chair Shaver called the meeting of the Housing and Redevelopment Authority to order at 7:30 a.m.

### **ROLL CALL**

Members Present: Commissioners Bob Ambrose, Terri Huml, Dan Koch, and Thomas Shaver

Members Absent: None

City Staff present: Executive Director Jeff Dahl, City Attorney Schelzel, Community Development Director Emily Goellner, Deputy City Manager Aurora Yager, Assistant Planner Valerie Quarles, and Bonnie Schwieger, Abdo.

### **APPROVAL OF AGENDA**

Commissioner Huml made a motion, seconded by Commissioner Ambrose, to approve the August 22, 2023 agenda as presented. The motion carried 4/0.

### **APPROVAL OF MINUTES**

#### **A. Consider Approval of HRA Minutes of April 3, 2023 Meeting**

Commissioner Ambrose made a motion, seconded by Commissioner Koch, to approve the April 3, 2023 meeting minutes, as presented. The motion carried 4/0.

### **OLD BUSINESS**

### **NEW BUSINESS**

#### **A. Consider Receipt of 2022 Financial Summary and Review of TIF Cash Flow Analysis**

Executive Director Dahl explained that the HRA Bylaws require a financial update once per year and noted that last year Deputy City Manager Yager and Bonnie Schwieger from Abdo put together a TIF Cash Flow Analysis which has been very helpful.

Bonnie Schwieger, Abdo reviewed the TIF Cash Flow Analysis over the course of the year for TIF 3, TIF 5, and TIF 6. She reviewed the total obligations and the projections over the life span of the districts. She gave a high level explanation of 'pooling' and noted that it would be where the district would use funds for more general development outside of the TIF district.

Chair Shaver asked what the bonds that are coming off of TIF 5 are used for.

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Ms. Schwieger explained that TIF 5 is being used to pay back a bond that was issued in 2016 for a parking ramp and also part of the 2020 Panoway bond. She reviewed the available cash balances for the districts, in total. She noted that TIF 3 is almost done and explained that it was decertified in 2022 and has repaid a large portion of some bonds on behalf of TIF 5 and noted that the rest of the cash in 2023 will be used for that same purpose. She explained that by this time next year, TIF 3 will be completely done. She shared details from each TIF and the projected increments, annual obligations, and future pooling projects for the next ten years.

Mr. Dahl stated that these are very conservative numbers and do not anticipate any new development coming into the City, so any projects that come in will help bring in even more increment to pay off the obligations more quickly.

Chair Shaver asked if there were any significant variables that they should keep in mind or that could change this.

Ms. Schwieger stated that when the temporary bond is refinanced, that interest rate is built in at 4.8%, but you never know what the market will do. She stated that if, at the time it is refinanced, that interest rate increases, it could require more increment to pay back.

Mr. Dahl stated that other long-term variables would be tax rate and values and the shift with commercial and residential.

Commissioner Ambrose noted that he had just sold a house, he feels that values are still going up somewhat, but not as fast as they were last year.

Mr. Dahl explained that the approach of the HRA and the City has been to maximize, especially TIF 6, to fund City projects that are related to the district such as the Lake Walk or improvements in downtown. He explained that they have used this as their primary local funding source outside of a tax levy.

Commissioner Ambrose asked how the developers decide whether they want TIF money or not.

Mr. Dahl explained that at the end of the day it is really whether they 'need' it or not which they have to prove.

Chair Shaver noted that the fiscal consultant, on behalf of the City, runs through an analysis with the developer, including a 'but for' test that Mr. Dahl referred to as 'need'. He noted that if you think about what is happening with valuations of commercial properties, the assessed values are increasing yet there is a descending valuation associated with the office and commercial properties. He stated that he appreciated how closely they were looking at and adjusting for valuations.

Mr. Koch asked if any of the City's outstanding TIF obligations were negatively impacted during the last recession around the years of 2008 to 2012.

Ms. Schwieger stated that she did not know but explained that it would have impacted TIF 3. She noted that it would be interesting information to research.

Mr. Dahl stated that he believes the recession impacted it, but ultimately they decertified TIF 3 sooner than the original expectation.

Chair Shaver stated that he feels the City has used its TIF districts very effectively but is not sure that the public appreciates TIF and what it has provided, such as keeping the levy down. He stated that he wished that they could find a way to communicate this information to the public.

Mr. Dahl stated that he agreed and suggested that staff could have some internal conversations to look at what other cities have managed to do to successfully communicate this kind of information.

Chair Shaver stated that TIF has a very negative connotation so the trick will be to find a way to flip it in a succinct 'elevator speech' sort of way to show the value of what they have created as a result of using the TIF tool.

Commissioner Huml made a motion, seconded by Commissioner Ambrose, to Receive the 2022 Financial Summary and Review of TIF Cash Flow Analysis, as presented. The motion carried 4/0.

**B. Consider Adoption of HRA Resolution 03-2023 Adopting Policy on Use of Public Funds to Reimburse Permitting Fees Associated with Affordable Housing Projects and Setting Date for Future Housing Related Workshop**

Community Development Director Goellner reminded the HRA that they had approved this policy in January of 2023. She noted that the Council asked for two edits when they reviewed the policy. She gave an overview of proposed change to add a cap on the reimbursements available and to remove excess fund transfers as a funding source for reimbursements. She stated that staff is recommending adoption of the resolution with those changes in order to ensure that the HRA policy is consistent with the City Council's.

Commissioner Huml asked for an example of where an excess fund may exist that they would transfer over.

Deputy City Manager Yager explained that the City Council, after an audit, has certain targets for working capital in the General Fund and the Enterprise Funds. She stated that they analyze those and determine if there is any amount they have excess in reserve that are not needed for other purposes. She explained that they look at this annually and then usually transfer out an amount for a one-time resource. She noted that the City did not have any excess last year and with balancing future levy increases, the Council was looking at wanting to keep that for the already prescribed capital projects within the CIP.

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Commissioner Huml made a motion, seconded by Commissioner Ambrose to Adopt HRA Resolution 03-2023 Adopting Policy on Use of Public Funds to Reimburse Permitting Fees Associated with Affordable Housing Projects, as presented. The motion carried 4/0.

Mr. Dahl stated that last week, the City Council and staff participated in a 3 day strategic planning session. He explained that their goals have evolved to: achieve financial diversification of revenue; focus inward in terms of strategies and projects; and focus on the City more in terms of operational excellence. He stated that within the idea of looking inward and how to make this the best community for the residents, they discussed affordable housing, which is clearly a high priority of the Council. He stated that he thinks that this warrants a workshop discussion in order to talk about the strategy and approach of the HRA.

Ms. Goellner stated that she was encouraged to see the focus from the Council on having a full range of housing options within the community. She explained that sometime this fall she would like to have a discussion with the HRA about housing inventory. She noted that many cities spend about \$20,000 to have an expert study the inventory, but she believes that they can try to do this in-house and noted that Assistant Planner Quarles has already begun a spread sheet of the naturally occurring affordable projects in the City. She stated that she would also have to have a conversation with them sometime this fall about the Wayzata Boulevard Corridor Study and the implementation steps for preserving affordable projects along the corridor and about the park-n-ride site.

Chair Shaver stated that at one point they had met with the Outreach Development Corporation and noted that about three years ago they had done a complete stock of multi-family in their service area. He believes that information was shared with City staff already so that may provide a bit of a jump start to their spreadsheet information.

Mr. Dahl stated that they did receive that information.

Ms. Goellner stated that she and Planner Quarles will continue to join the groups of West Metro Planners and HRA employees that are working on this type of thing in other cities to find out if they are able to replicate any of the work that they are doing, such as policy or finance solutions.

Chair Shaver encouraged the City to reach out to Outreach Development Corporation because they may be able to offer additional assistance.

Mr. Dahl suggested that a workshop could be held sometime between late October and Thanksgiving. He noted that the next meeting is scheduled for October 25, 2023, so if there was no action that needed to be taken, they could just use that date as a workshop.

**C. Development and Other Updates**

Ms. Goellner stated that she thinks it is important things for the HRA to find a 5<sup>th</sup> Commissioner. She encouraged the group to try to find and recruit a member who has a background in housing development, finance, or real estate, could be very helpful.

Chair Shaver encouraged the HRA to bring forward individuals that they know who a good fit may be.

Mr. Dahl noted that he was willing to go have a cup of coffee with these individuals to vet them a bit more and fill in some details about the HRA.

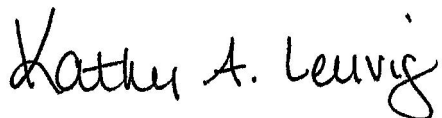
Ms. Goellner gave an overview of the recent activity in the City including the Wells Fargo site, the TCF property which has a few new scenarios that the developer has been working on, the 201 Lake Street – Westway Condominiums project, the Cantissimo development, and the pile driving for the Panoway project.

**NEXT MEETING DATE: Wednesday, October 25, 2023**

**ADJOURN**

There being no further business, Commissioner Huml made a motion, seconded by Commissioner Koch, to adjourn the meeting. The motion carried 4/0. The meeting adjourned at 8:50 am.

Respectfully submitted,



Kathy Leervig  
City Clerk  
City of Wayzata