



HOUSING AND REDEVELOPMENT AUTHORITY

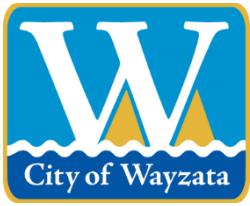
Meeting Agenda

Wayzata City Hall Community Room, 600 Rice Street

Wednesday, July 31, 2024

7:30 AM

1. **Call to Order**
2. **Approval of Agenda**
3. **Approval of Minutes**
 - a. Approval of HRA Minutes of May 15, 2024
4. **New Business**
 - a. Consider Adoption of 2024-2025 Affordable Housing Work Plan
 - b. Consider Adoption of Resolutions 02-2024 and 03-2024 to Approve Affordable Housing-Related Modifications to TIF Plans for TIF Districts #5 and #6
5. **Old Business**
 - a. Update of LIRC (Low-Income Rental Classification) Outreach to Multifamily Property Owners
6. **Next Meeting Date: October 30, 2024**
7. **Adjournment**



**City of Wayzata
Housing and Redevelopment Authority
Agenda Report**

MEETING DATE: July 31, 2024	AGENDA ITEM: 3.a
TITLE: Approval of HRA Minutes of May 15, 2024	
PROPOSED MOTION: To Approve the HRA Minutes of May 15, 2024	
PREPARED BY: Kathy Leervig, City Clerk	
REVIEWED BY: Jeffrey Dahl, Executive Director	

ACTION REQUESTED:

Staff recommends approval of the attached minutes.

FINANCIAL OR BUDGET CONSIDERATION:

Not Applicable.

BACKGROUND:

Not Applicable.

ATTACHMENTS:

1. May 15, 2024 HRA Minutes (draft)

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 Terri Huml, Dan Koch, Ken Dayton, and Thomas Shaver

Members Absent: Commissioner Bob Ambrose

City Staff present: Executive Director Jeff Dahl, Assistant Planner Valerie Quarles, and City Attorney Schelzel.

APPROVAL OF AGENDA

Commissioner Huml made a motion, seconded by Commissioner Dayton, to approve the May 15, 2024 agenda, as presented. The motion carried 4/0.

APPROVAL OF MINUTES

A. Consider Approval of HRA Minutes of January 31, 2024 Meeting

Commissioner Huml made a motion, seconded by Commissioner Dayton, to approve the January 31, 2024 meeting minutes, as presented. The motion carried 4/0.

OLD BUSINESS

A. Update on the 2024-2025 Affordable Housing Work Plan

Executive Director Dahl explained that the City has focused primarily on preserving the existing affordable housing stock and ways to explore opportunities to support new affordable construction.

Assistant Planner Quarles shared context from the 2040 Comprehensive Plan related to affordable housing in the City and explained that the goal is to construct 42 additional units of affordable housing by 2030. She noted that the overall goal is to promote life-cycle housing options, explore opportunities for infill development and redevelopment, explore partnerships, and look at workforce housing options. She explained that the City has split up the 2024-2025 goals into two categories: preserving the existing affordable housing stock and exploring opportunities to support new affordable construction. She reviewed the existing tools, in-progress tools, and action items that the City is using to work towards these goals.

Chair Shaver expressed his appreciation to staff for all the work that they have put into these efforts.

Commissioner Huml asked about the progress on the creation of the Affordable Housing Policy that was mentioned in the report.

Assistant Planner Quarles stated that it was currently undrafted and was not ready for review at this point.

Executive Director Dahl explained that part of the work plan included efforts to create a long-term Affordable Housing Policy which can then be implemented into the City's operations.

Assistant Planner Quarles explained that one of the things that is important to staff and the HRA is that they are making progress on both fronts at the same time. She stated that it is great that they are able to focus on building new affordable housing, but that also takes a long time. She stated that if they lose a lot of their existing, naturally occurring affordable housing in the meantime, the 'math' won't work as well as they would like. She noted that the main tool that they have been exploring with the HRA recently is the Low Income Rental Classification (LIRC) and explained that this is a program where property owners can basically certify that their units will be affordable for a set period of time and in exchange, receive a lower property tax rate. She stated that currently rental properties are taxed at 1.25% and with the LIRC program that rate would drop down to .25% which is a huge reduction. She reviewed examples of how this would affect specific properties in the City.

Commissioner Koch stated that he appreciated the examples that showed the impact of LIRC. He stated that in the six unit example she had reviewed, it comes out to about \$130/month per unit and asked what the rent reduction would be. He stated that he understands that it is an impactful savings but questioned whether it would also offset what the owner of the property would be able to charge in rents. He stated that at Maggie Manor there was an owner that had good intentions but asked what could happen if there was a property owner who did not have those same benevolent intentions of maintaining affordable housing. He asked if this would be enough to incentivize that owner to go into the LIRC program and forego higher rents.

Assistant Planner Quarles stated that the nice thing about integrating rental inspection program into all of this is to understand who is already doing a good job of having rents that are eligible. She stated that for the properties staff is highlighting, entering the program locks in current conditions as opposed to trying to bring rents down. She stated that out of all the City's Naturally Occurring Affordable Housing (NOAH) there are 14 that are either partially or fully affordable to residents making 60% Area Median Income (AMI) or lower. She explained that out of those 14 properties, there are at least 12 that the City would be recommending as LIRC candidates based on their rental inspection history, responsible ownership, and the potential for long-term stability. She noted that of these 12 properties, 8 of them are owned by 2 local property owners and the idea is to build a relationship with those 2 property owners and encourage them to enroll their portfolios in the program.

Chair Shaver asked what percent of AMI they are talking about with the NOAH.

Assistant Planner Quarles explained that they were setting it at 60% AMI.

Chair Shaver asked about a situation where there is a property that has certain units that are affordable and others that are not if the City would pro-rate those for the affordable component.

Assistant Planner Quarles stated that they do, which meant that if only a portion of the units are affordable and they enrolled in the program, the LIRC tax reduction would be pro-rated and would not apply to every single unit. She explained that staff's intention, with the blessing of the HRA, would be to start talking to the two property owners she had just referenced. She stated that the City does take on a slight impact to their property tax collection as a result of the LIRC program, but because the savings available to property owners are greater, staff felt that it would be worth pursuing.

Chair Shaver stated that he felt the NOAH properties and the City's ability to preserve them could be considered the low hanging fruit and this is a tool that the City can utilize to make an impact in keeping the existing NOAH stock. He stated that the affordable new construction will take a longer time and will be a higher hurdle. He reiterated that he appreciated all the work that staff has done in this area.

Executive Director Dahl asked if there was any action that the HRA or the City needed to take in order to transition those properties to LIRC/4D.

Assistant Planner Quarles explained that they would end up doing a resolution, similar to what was done with Maggie Manor Too.

Executive Director Dahl stated that staff was just looking for confirmation from the HRA on their plans as well as feedback on any potential red flags within the planned approach.

Commissioner Koch stated that he felt this seemed like a great tool for the City to use and did not think there was really any downside.

Executive Director Dahl stated that he felt the City would be getting a good return on investment with this program.

Assistant Planner Quarles noted that at the last HRA meeting the City had just begun kicking off some work with students from the Humphrey School at the University of Minnesota. She explained that it was part of their Urban and Regional Planning capstone project as part of their degree program. She stated that three students worked with the City on pre-development work for the Park and Ride site. She noted that Metro Transit owns the site, but the City will be an important stakeholder for this potential project. She noted that the students conducted a lot of stakeholder analysis to determine needs and ascertained the viability of different development scenarios that would include affordable housing. She stated that the students presented two different development scenarios to the City Council including sticking with the current zoning and another that was rezoned to R-5. She explained that their conclusions were that if affordable housing was going to

be viable on this site, at minimum, R-5 zoning was something that needed to be explored because the current C-1 zoning does not provide the needed unit count for to meet affordability requirements for common sources of funding. She stated that the students have put together a comprehensive report for the City that should be available soon and noted that it would then be distributed to the Council and the HRA once it became available. She explained that the students had given a presentation at the May 7, 2024 City Council workshop meeting and noted that the City has the slides from their presentation that are available for viewing. She stated that this information gives the City a good place to start, but there are a lot of potential next steps that need to be considered and gave a brief overview of some of those actions in the more immediate future as well as long-term.

Commissioner Huml stated that she thought it was brilliant that the City was able to utilize the students to help work on this project. She stated that this kind of project also gave the students the opportunity to see what it was like working at the ground level with a city on this type of project. She stated that she felt this was one of the most viable areas the City has along the corridor to develop for their needs.

Chair Shaver encouraged the HRA to review the report from the students when it is ready along with the slides from their presentation.

Commissioner Koch stated that he had looked through the student's presentation materials and definitely felt that there were some opportunities, but did not feel like any of them could be considered a 'no brainer' or a slam dunk. He stated that he felt this information was a great initial step for the City.

Executive Director Dahl noted that the immediate 'next step' would be, over the summer, to work with Metro Transit to see what they want to see happen with this site and also to take a look and see if the City would have the resources to potentially acquire the property.

NEW BUSINESS

A. Consider Receipt of 2023 Financial Summary and Review of TIF Cash Flow Analysis

Executive Director Dahl explained that the City has worked with Ehlers and Abdo to create a TIF Cash Flow analysis in order to help the City better understand and visualize the TIF districts.

Bonnie Schwieger, Abdo, reviewed details included in the TIF Cash Flow analysis information. She outlined the summary of the overall health of the districts; comparison to the prior year; details and assumptions related to TIF 3, TIF 5, and TIF 6, and answered HRA questions related to pooling calculations.

Stacy Kvilvang, Ehlers, answered HRA questions related to TIF obligations, possible future valuations, and how administrative expenses were handled.

Commissioner Huml made a motion, seconded by Commissioner Koch, to Receive the 2023 Financial Summary and Review of the TIF Cash Flow Analysis, as presented. The motion carried 4/0.

B. Consider Adoption of HRA Resolution 01-2024 Authorizing Execution of Tax Increment Pledge Agreement for the Panoway Boardwalk and Docks

Ms. Kvilvang stated that the HRA is the administrators of all the City's TIF districts which means that they have authorization over where those dollars are spent which happens through agreements. She explained that in 2023 they issued a temporary TIF bond to pay for the Panoway costs. She noted that since the City was unsuccessful at the State in receiving bond funds they are at the point where they need to be moved into a permanent financing structure. She explained the various reasons for taking this step prior to the expiration of the temporary bond.

Executive Director Dahl noted that there was a memo inadvertently included in the packet that was part of a previous refunding and explained that the HRA could disregard that memo.

Commissioner Koch made a motion, seconded by Commissioner Huml, to Adopt HRA Resolution 01-2024 Authorizing Execution of Tax Increment Pledge Agreement for the Panoway Boardwalk and Docks. The motion carried 4/0.

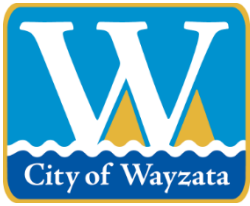
NEXT MEETING DATE: Wednesday, July 31, 2024

ADJOURN

There being no further business, Commissioner Koch made a motion, seconded by Commissioner Huml, to adjourn the meeting. The motion carried 4/0. The meeting adjourned at 8:32 am.

Respectfully submitted,

Kathy Leervig
City Clerk
City of Wayzata



**City of Wayzata
Housing and Redevelopment Authority
Agenda Report**

MEETING DATE: July 31, 2024	AGENDA ITEM: 4.a
TITLE: Consider Adoption of 2024-2025 Affordable Housing Work Plan	
PROPOSED MOTION: To Adopt the 2024-2025 Affordable Housing Work Plan.	
PREPARED BY: Valerie Quarles, Assistant Planner	
REVIEWED BY: Emily Goellner, Community Development Director	

ACTION REQUESTED:

Staff recommends Adoption of the 2024-2025 Affordable Housing Work Plan.

FINANCIAL OR BUDGET CONSIDERATION:

There are no immediate budget implications with the proposed work plan. Staff will continue to seek and share potential financial resources with the HRA.

BACKGROUND:

The HRA previously reviewed a draft of the work plan at their May meeting.

ATTACHMENTS:

1. 2024-2025 Affordable Housing Work Plan



City of Wayzata
2024-2025
Affordable Housing Work Plan

City of Wayzata
Housing & Redevelopment Authority

Adopted _____, 2024

The City of Wayzata's 2040 Comprehensive Plan and the Metropolitan Land Use Planning Act call for the City to adopt standards, plans, and programs for providing adequate housing opportunities, including for low and moderate-income housing.

City staff has focused this affordable housing work plan on:

- 1. Preserving the Existing Affordable Housing Stock**
- 2. Exploring Opportunities to Support New Affordable Construction**

2040 Comprehensive Plan Context

The 2030 affordable housing allocation for new construction in Wayzata is 42 additional units. 80% AMI is the typical income limit for units to be considered affordable. The Comprehensive Plan notes multiple steps related to this goal, including:

- Promote the development of **life-cycle housing options for all residents**, including single family housing for young families and well-designed multiple family options.
- Explore opportunities to **infill development and redevelopment** to provide housing options for all incomes.
- Explore **partnerships** with local non-profit organizations, including neighborhood groups, churches, Interfaith Outreach and Community Partners (IOCP), and other organizations to identify potential opportunities for additional affordable rental, multiple family and single-family units within the community. Continue to work with the Metropolitan Council in order to meet the agreed upon goals for additional affordable units as part of the Livable Communities Act.
- Review area and national affordable housing programs which aid the development of **workforce housing** development and promote homeownership for public service and workforce professionals.

Note that goals related to affordable homeownership and single-family rehabilitation programs have been deferred to future work plans.

Progress has been made for each of these steps since the Comprehensive Plan was adopted, but there is more to do on each as the housing market continues to evolve in Wayzata. Below is a summary of tools that have been adopted or used in recent years along with next steps.

1. Preserving the Existing Affordable Housing Stock

Naturally Occurring Affordable Housing (NOAH) units, of which there are over 400 in Wayzata, are home to a significant portion of the city’s residents. Preservation of these homes provides stability for our residents and reduces the rate of teardowns, which contributes to Wayzata’s small-town charm and character.

Existing Tools

- The City’s **Rental Licensing and Inspection Program** provides an avenue for staff to consistently engage with property owners and resolve any health and safety issues at rental properties.
- Staff have been building a **database** of multifamily NOAH properties that can be updated with information related to rent, affordability status, and maintenance needs.
- Multiple properties, including Maggie Manor Too in 2023, are enrolled in the **Low-Income Rental Classification (LIRC)** program for property taxes. LIRC, which has previously been described as 4(d), significantly lowers the property tax rates for affordable properties that commit to a period of affordability (typically in 10-year increments). Properties must receive a resolution of approval from City Council.
- The City has also begun integrating **reimbursement of building permit fees** for properties that enroll in LIRC, starting in 2023, utilizing various City-approved funding sources.

Action Items

Timeframe	Tool	Next Step
2024	Staff have been improving the rental licensing and inspection processes to better understand the needs of specific properties, as well as build improved relationships with property owners.	Coordinate and hold annual multifamily rental owners’ meeting
2024	Expanding LIRC to encompass a greater portion of the City’s Naturally Occurring Affordable Housing (NOAH) stock would provide rent stability to a larger group of residents.	Enroll additional properties by engaging with specific owners on a rolling basis
2025	Staff have been exploring grant options for existing multifamily NOAH to better serve as technical assistance for externally funded improvements.	Communicate with owners to understand needs

2. Exploring Opportunities to Support New Affordable Construction

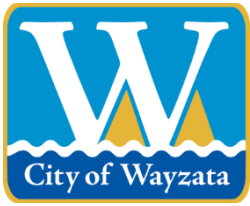
New construction is also critical to the ongoing provision of affordable housing opportunities. The median age of a NOAH building in Wayzata is 59, and new housing needs to be constructed to replenish future losses while also addressing the growing need for affordability beyond existing units.

Existing/In-Progress Tools

- The **Business Subsidy Policy, including the use of TIF**, was amended to include affordable housing in 2021.
- **Density bonuses** were created in the R-5 High Density Residential zoning district that incentivize affordable housing in exchange for increased density in 2022, but a policy has not yet been created.
- The Wayzata Boulevard Corridor Study built community buy-in for allowing a **fourth story** in select areas in exchange for affordable housing units, but a policy has not yet been created. This option had mixed support from the City Council when the Study was adopted in 2023.
- **Accessory dwelling units (ADUs)** were legalized for most properties in the City in 2022.

Action Items

Timeframe	Tool	Next Step
2024-2025	Establish an Affordable Housing Policy for Density Bonuses to clarify how certain types of affordable housing developments may be eligible for density and height bonuses.	Bring a draft policy forward to the HRA
2024-2026	Study of the redevelopment potential of the Metro Transit Park and Ride site at 322 Wayzata Blvd into a project that includes affordable housing is underway in partnership with Metro Transit. Graduate students at the University of Minnesota conducted pre-development research in 2024. The site was discussed as part of the 2040 Comprehensive Plan and the Wayzata Boulevard Corridor Study.	Set affordability goals with the HRA, identify potential funding sources, conduct additional pre-development research
2024-2025	City staff have not yet engaged in proactive exploration of opportunities with affordable housing developers that focus on neighborhood-scale projects, though that will be part of the Park and Ride site redevelopment effort.	Integrate into Park and Ride project
2026	Inclusionary zoning (IZ) has been discussed as a potential policy in the past, but no meaningful policy work has occurred on this front in the last decade. Due to Wayzata’s high land values and consistent development interest, this could be a powerful tool.	Research other small cities’ IZ policies and create a draft policy



**City of Wayzata
Housing and Redevelopment Authority
Agenda Report**

MEETING DATE: July 31, 2024	AGENDA ITEM: 4.b
TITLE: Consider Adoption of Resolutions 02-2024 and 03-2024 to Approve Affordable Housing-Related Modifications to TIF Plans for TIF Districts #5 and #6	
PROPOSED MOTION: To Adopt Resolution 02-2024 to Approve Modifications to the TIF Plan for TIF District #5 and to Adopt Resolution 03-2024 to Approve Modifications to the TIF Plan for TIF District #6	
PREPARED BY: Jeffrey Dahl, Executive Director	
REVIEWED BY: Not Applicable.	

ACTION REQUESTED:

Staff recommends adoption of the attached draft resolutions.

FINANCIAL OR BUDGET CONSIDERATION:

There is no direct or immediate budget implication with this action.

BACKGROUND:

As a part of the City’s prioritization to preserve its existing affordable housing stock and to facilitate redevelopment with affordable housing on Metro Transit’s Park and Ride Site at Wayzata Boulevard, one of the few tools the City has to provide funding without having an impact on the general fund is to use funds received in its existing Tax Increment Districts. Because the original intent of TIF Districts #5 and #6 were largely for redevelopment purposes, those TIF Plans need to be modified, via resolution, to allow for affordable housing related expenditures.

There are many more steps that will need to occur before any TIF funding is committed to affordable housing projects; however, this action needs to occur in order to provide the HRA and the City the opportunity.

See the attached memo from Stacie Kvivlang of Ehlers and Associates for more detail. She will be at the meeting to provide additional details. The City Council will need to adopt similar resolutions as well.

ATTACHMENTS:

1. Memo regarding TIF for Affordable Housing 7-1-24
2. Wayzata HRA - RES 02-2024 Approving TIF Plan Mod (TIF 1-5 Wayzata Bay Center)-v2 (1)
3. Modified TIF Plan.Wayzata TIF 5 modification
4. Wayzata HRA - RES 03-2024 Approving TIF Plan Mod (TIF 1-6 - Downtown West)-v2 (3)
5. Modified TIF Plan.Wayzata TIF 6 modification (1)

MEMORANDUM

TO: Emily Goellner – Community Development Director
FROM: Stacie Kvilvang - Ehlers
DATE: July 10, 2024
SUBJECT: Use of TIF for Affordable Housing

You had inquired about use of tax increment financing (TIF) from existing TIF districts for affordable housing. The HRA is allowed to make an election within the TIF plan (at any time prior to decertification) to utilize an additional 10% of the TIF expended on in-district expenditures for affordable housing. This election is considered an administrative modification and does not require a public hearing, but rather a formal approval via resolution of the HRA. If the HRA makes this election, the additional 10% is combined with the legal pooling/admin amount of 25% so the HRA could utilize up to 35% of the TIF expended on in-district expenditures for affordable housing (if any dollars have been expended on legal pooling, this and administrative costs must be deducted from the pooling amount available for housing).

Expenditures for affordable housing have to follow the TIF statute as follows:

- Rental housing – At least 20% of the units have to be affordable at 50% of the area median income (AMI) or at least 40% of the units have to be affordable at 60% of the AMI.
- For owner-occupied housing – Incomes have to be at or below 100% AMI for a family of 2 or less and below 115% for a family of 3 or more

The HRA has two existing districts in which they could make this election (TIF 1-5 Wayzata Bay Center and TIF 1-6 – Downtown West). Based upon preliminary calculations, if all parcels can be retained in the districts and the HRA does not do any additional legal pooling, TIF 1-5 would have approximately \$2.5 million available and TIF 1-6 would have approximately \$5.1 million available at the end term of the districts (December 31, 2040, and 2045 respectively). Again, these are estimates and subject to change over time as the districts mature, additional admin or legal pooling expenditures occur, and various statutory rules come into play. As of the end of 2023, there is approximately \$970,000 available in TIF 1-5 and \$550,000 available in 1-6. These are the current cash balances and as such we do not recommend utilizing the full amounts, thus depleting cash balances to \$0. We recommend retaining some cash balance as continued “coverage” on the existing bonds in the districts to be available if TIF revenues decline significantly for the respective districts for whatever reason.

It should be noted that making this election does not bind the HRA to use the funds for affordable housing, it just preserves the right to have them available. At any time if it is determined the HRA does not have qualified projects to utilize all or a portion of the funds, they can be retained as long as the district has active obligations or can be returned to the County for redistribution to the City, County and School District. Once redistributed, these dollars are no longer considered TIF and can be placed in the City’s general fund.

Please contact me at 651-697-8506 with any questions.

**WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF WAYZATA
HENNEPIN COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 02-2024

**RESOLUTION APPROVING A MODIFICATION TO THE TAX INCREMENT FINANCING
PLAN FOR REPLACEMENT REDEVELOPMENT TAX INCREMENT FINANCING
DISTRICT NO. 5 - WAYZATA BAY CENTER**

Whereas, the City of Wayzata, Minnesota (the “City”), and the Wayzata Housing and Redevelopment Authority (the “HRA”) have established Replacement Redevelopment Tax Increment Financing District No. 5 - Wayzata Bay Center (the “TIF District”), a redevelopment district within the Central Area Redevelopment District in the City, and the City and the HRA have approved a tax increment financing plan (the “TIF Plan”) for the TIF District pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”) and Laws of Minnesota 2010, chapter 389, article 7, section 23; and

Whereas, the TIF District is administered by the HRA; and

Whereas, the HRA is an “authority” pursuant to Section 469.174, subdivision 2 of the TIF Act.

Whereas, pursuant to Section 469.1763, subdivision 2(d) of the TIF Act, an authority may elect to increase by up to ten percent (10%) the permitted amounts of expenditures for activities located outside of the geographic area of the TIF District, if such expenditures:

- (a) are used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”); and
- (b) do not exceed the qualified basis of the housing, as defined under Section 42(c) of the Code, less the amount of any credit allowed under Section 42 of the Code; and
- (c) are used to (i) acquire and prepare the site of the housing; (ii) acquire, construct, or rehabilitate the housing; or (iii) make public improvements directly related to the housing; or such expenditures may be used to
- (d) develop housing if certain criteria are met; or
- (e) to assist certain owner-occupied housing

(collectively, “Housing Purposes”).

Whereas, the HRA has determined to elect to use up to 10% of the tax increment from the TIF District, less any amount utilized for administrative expenses, for Housing Purposes (the “Election”); and

Whereas, pursuant to Section 469.175, subdivision 4(b) of the TIF Act, an authority may modify the TIF Plan without public hearing or the findings of a municipality required to be made for the original TIF Plan if the modification does not include:

- (a) any reduction or enlargement of the geographic area of the project or tax increment financing district;
- (b) an increase in the amount of bonded indebtedness to be incurred;
- (c) a determination to capitalize interest on debt if that determination was not a part of the original plan;
- (d) an increase in the portion of the captured net tax capacity to be retained by the authority;
- (e) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or
- (f) the designation of additional property to be acquired by the authority; and

Whereas, there has been presented before the Board of Commissioners of the HRA (the “board”) a proposed form of a modification to the TIF Plan (the “Modification”), which proposed Modification only reflects the Election and does not make any other changes that require a new public hearing pursuant to Section 469.175, subdivision 4 of the TIF Act; and

Whereas, the proposed Modification is set forth in Exhibit A attached hereto.

Now therefore be it resolved by the Board of the HRA as follows:

1. The Election is hereby made.
2. The Modification to the TIF Plan, which reflects the Election, is hereby approved.
3. Staff of the HRA are hereby authorized and directed to transmit a certified copy of this resolution to the Auditor/Treasurer of Hennepin County, Minnesota, the Commissioner of Revenue of the State of Minnesota, and the State Auditor, as required by Section 469.175, subdivision 4 of the TIF Act.
4. HRA staff, the HRA’s advisors, and legal counsel are authorized and directed to proceed with the implementation of the amendment to the TIF Plan.

Approved by the Board on July 31, 2024.

Chair

ATTEST:

Secretary

Exhibit A

Proposed modification to TIF Plan

Adoption Date: November 15, 2011

Modification #1 Approval Date: December 20, 2016

Modification #2 Approval Date: July 31, 2024

City of Wayzata

Wayzata Housing and Redevelopment Authority

Hennepin County, Minnesota

MODIFICATION to the

Tax Increment Financing (TIF) Plan

Tax Increment Financing District No. 5 – Wayzata Bay
Center
(a redevelopment district)

Located in Central Area Redevelopment District



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Tax Increment Financing Plan For Tax Increment Financing District No. 5 - Wayzata Bay Center

FOREWORD

The Wayzata Housing and Redevelopment Authority (the "HRA"), staff and consultants have prepared the following information to expedite the Modification of TIF District No. 5 - Wayzata Bay Center (the "District"), a redevelopment district, located in the Central Area Redevelopment District.

STATEMENT OF OBJECTIVES

As modified July 31, 2024

The TIF Plan is being modified to amend the budget and to make an election to authorize certain expenditures for affordable housing pursuant to Section 469.1763, Subdivision 2(d) of the TIF Act.

USES OF FUNDS

As modified July 31, 2024

The budget is being modified to allow up to 35% in expenditures for affordable housing pursuant to Section 469.1763, Subdivision 2(d) of the TIF Act.

	Original November 15, 2011	Amendment No. 1 July 31, 2024
SOURCES		
Tax Increment	135,138,490	135,138,490
Interest	13,513,849	13,513,849
TOTAL	148,652,339	148,652,339

USES		
Land/Building Acquisition	24,500,000	11,500,000
Site Improvements/Preparation	22,000,000	22,000,000
Construction of Affordable Housing	-	13,513,849
Utilities	3,500,000	3,000,000
Other Public Improvements	27,204,784	27,190,935
Administrative Costs (up to 10%)	13,513,849	13,513,849
PROJECT COSTS TOTAL	90,718,633	90,718,633
Interest	57,933,706	57,933,706
PROJECT AND INTEREST COSTS TOTAL	148,652,339	148,652,339

**WAYZATA HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF WAYZATA
HENNEPIN COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 03-2024

**RESOLUTION APPROVING A MODIFICATION TO THE TAX INCREMENT FINANCING
PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 6 - DOWNTOWN WEST**

Whereas, the City of Wayzata, Minnesota (the “City”), and the Wayzata Housing and Redevelopment Authority (the “HRA”) have established Tax Increment Financing District No. 6 - Downtown West (the “TIF District”), a redevelopment district within the Central Area Redevelopment District in the City, and the City and the HRA have approved a tax increment financing plan (the “TIF Plan”) for the TIF District pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”); and

Whereas, the TIF District is administered by the HRA; and

Whereas, the HRA is an “authority” pursuant to Section 469.174, subdivision 2 of the TIF Act.

Whereas, pursuant to Section 469.1763, subdivision 2(d) of the TIF Act, an authority may elect to increase by up to ten percent (10%) the permitted amounts of expenditures for activities located outside of the geographic area of the TIF District, if such expenditures:

- (a) are used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”); and
- (b) do not exceed the qualified basis of the housing, as defined under Section 42(c) of the Code, less the amount of any credit allowed under Section 42 of the Code; and
- (c) are used to (i) acquire and prepare the site of the housing; (ii) acquire, construct, or rehabilitate the housing; or (iii) make public improvements directly related to the housing; or such expenditures may be used to
- (d) develop housing if certain criteria are met; or
- (e) to assist certain owner-occupied housing

(collectively, “Housing Purposes”).

Whereas, the HRA has determined to elect to use up to 10% of the tax increment from the TIF District, less any amount utilized for administrative expenses, for Housing Purposes (the “Election”); and

Whereas, pursuant to Section 469.175, subdivision 4(b) of the TIF Act, an authority may modify the TIF Plan without public hearing or the findings of a municipality required to be made for the original TIF Plan if the modification does not include:

- (a) any reduction or enlargement of the geographic area of the project or tax increment financing district;
- (b) an increase in the amount of bonded indebtedness to be incurred;
- (c) a determination to capitalize interest on debt if that determination was not a part of the original plan;
- (d) an increase in the portion of the captured net tax capacity to be retained by the authority;
- (e) an increase in the estimated cost of the project, including administrative expenses, to be paid or financed with tax increment from the district; or
- (f) the designation of additional property to be acquired by the authority; and

Whereas, there has been presented before the Board of Commissioners of the HRA (the “board”) a proposed form of a modification to the TIF Plan (the “Modification”), which proposed Modification only reflects the Election and does not make any other changes that require a new public hearing pursuant to Section 469.175, subdivision 4 of the TIF Act; and

Whereas, the proposed Modification is set forth in Exhibit A attached hereto.

Now therefore be it resolved by the Board of the HRA as follows:

1. The Election is hereby made.
2. The Modification to the TIF Plan, which reflects the Election, is hereby approved.
3. Staff of the HRA are hereby authorized and directed to transmit a certified copy of this resolution to the Auditor/Treasurer of Hennepin County, Minnesota, the Commissioner of Revenue of the State of Minnesota, and the State Auditor, as required by Section 469.175, subdivision 4 of the TIF Act.
4. HRA staff, the HRA’s advisors, and legal counsel are authorized and directed to proceed with the implementation of the amendment to the TIF Plan.

Approved by the Board on July 31, 2024.

Chair

ATTEST:

Secretary

Exhibit A

Proposed modification to TIF Plan

Adoption Date: December 19, 2017

Modification #1 Approval Date: July 31, 2024

City of Wayzata

Wayzata Housing and Redevelopment Authority

Hennepin County, Minnesota

MODIFICATION to the

Tax Increment Financing (TIF) Plan

Tax Increment Financing District No. 6 – Downtown West
(a redevelopment district)

Located in Central Area Redevelopment District



Prepared by:

Ehlers
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Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Tax Increment Financing Plan For Tax Increment Financing District No. 6 – Downtown West

FOREWORD

The Wayzata Housing and Redevelopment Authority (the "HRA"), staff and consultants have prepared the following information to expedite the Modification of TIF District No. 6 – Downtown West (the "District"), a redevelopment district, located in the Central Area Redevelopment District.

STATEMENT OF OBJECTIVES

As modified July 31, 2024

The TIF Plan is being modified to amend the budget and to make an election to authorize certain expenditures for affordable housing pursuant to Section 469.1763, Subdivision 2(d) of the TIF Act.

USES OF FUNDS

As modified July 31, 2024

The budget is being modified to allow up to 35% in expenditures for affordable housing pursuant to Section 469.1763, Subdivision 2(d) of the TIF Act.

	Original December 19, 2017	Amendment No. 1 July 31, 2024
SOURCES		
Tax Increment	37,253,844	37,253,844
Interest	3,725,384	3,725,384
TOTAL	40,979,229	40,979,229

USES		
Land/Building Acquisition	8,000,000	2,000,000
Site Improvements/Preparation	5,000,000	6,000,000
Construction of Affordable Housing	-	9,313,461
Utilities	4,000,000	1,000,000
Other Public Improvements	7,228,535	5,915,074
Administrative Costs (up to 10%)	3,725,384	3,725,384
PROJECT COSTS TOTAL	27,953,919	27,953,919
Interest	13,025,309	13,025,309
PROJECT AND INTEREST COSTS TOTAL	40,979,228	40,979,228



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: July 31, 2024	AGENDA ITEM: 5.a
TITLE: Update of LIRC (Low-Income Rental Classification) Outreach to Multifamily Property Owners	
PROPOSED MOTION: N/A	
PREPARED BY: Valerie Quarles, Assistant Planner, Megan McCrady, Permit Technician	
REVIEWED BY: Emily Goellner, Community Development Director	

ACTION REQUESTED:

N/A

FINANCIAL OR BUDGET CONSIDERATION:

N/A

BACKGROUND:

At the April 24 HRA meeting, the HRA directed staff to contact specific multifamily property owners to discuss Low Income Rental Classification (LIRC) tax savings program. Since then, City staff has been engaging in information conversations with property owners and has found that the most significant barrier to participation in the program thus far is a lack of understanding. Staff has prepared a formal letter to send to specific property owners who have responded positively to initial contacts and have properties that are strong candidates. The letter will include an explanatory handout that is still being drafted.

The buildings that are proposed to be directly engaged are:

- 930 Rice St E
- 725 Wayzata Blvd E
- 412 Wayzata Blvd E
- 109 Central Ave S
- 101 Glenbrook Rd

The letter and handout will be sent to properties this week.

ATTACHMENTS:

1. Letter to Property Owners



City Council
Mayor Johanna Mouton
Cathy Iverson
Molly MacDonald
Jeff Parkhill
Alex Plechash

City Manager
Jeffrey Dahl

[Date]

Dear [Property Owner],

As a valued landlord in our community, we appreciate your commitment to maintaining and enhancing properties within Wayzata. Your dedication to being a responsible landlord has not gone unnoticed, and we are excited to inform you of an opportunity that could significantly benefit both you and our community.

Low-Income Rental Classification (LIRC) is a property tax classification available to multifamily properties that charge rents affordable to low-income families. This program is designed to help property owners like yourself reduce their property tax burden while continuing to provide affordable housing options. This initiative allows you to participate in a tax savings program without any upfront costs. In exchange, you would agree to keep rents capped at a specific amount for the next 10 years. In addition, the City can potentially reimburse you for building permit fees associated with most building improvements. More information is attached.

I recently spoke with [Property Manager's Name], who believes you could be interested in this opportunity. Our role will be to assist you through the process, in order to maximize your benefits under this program.

By participating, you have the potential to save a significant amount annually in property taxes, enhancing your property's financial health and supporting our shared goal of stable, affordable housing in Wayzata.

For instance, 426-434 Rice Street (Maggie Manor Too) has already taken advantage of this program, making substantial property improvements such as new windows, landscaping, new entrance doors, and both indoor and outdoor cosmetic enhancements. After executing an agreement with the City, they annually certify their compliance.

We are committed to replicating such successes for your properties and believe this opportunity aligns with your ongoing dedication to Wayzata. Please contact [Staff Name] at [Phone Number] or [Email Address] to schedule a meeting or address any questions.

Thank you for your continued partnership in making our city a wonderful place to live and work. We look forward to the possibility of collaborating with you.

Sincerely,

[Staff Name]