

## **01/31/2024 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, Dan Koch, Ken Dayton, and Thomas Shaver

Members Absent: Terri Huml

City Staff present: Executive Director Jeff Dahl, Assistant Executive Director Emily Goellner, Assistant Planner Valerie Quarles, City Attorney Schelzel, and City Clerk Kathy Leervig.

### **APPROVAL OF AGENDA**

Commissioner Ambrose made a motion, seconded by Commissioner Koch, to approve the January 31, 2024 agenda as presented. The motion carried 5/0.

Chair Shaver welcomed Ken Dayton as the newest member of the HRA.

### **APPROVAL OF MINUTES**

#### **A. Consider Approval of HRA Minutes of August 22, 2023 Meeting**

Commissioner Ambrose requested a change to 2<sup>nd</sup> paragraph, from “does not anticipate” to ‘do not anticipate’.

Commissioner Koch made a motion, seconded by Commissioner Ambrose, to approve the November August 22, 2023 meeting minutes, as amended. The motion carried 5/0.

### **OLD BUSINESS**

### **NEW BUSINESS**

#### **A. Consider Election of Officers**

Executive Director Dahl explained that officers are elected annually and reviewed the slate of officers and their expected duties for 2024.

Commissioner Koch made a motion, seconded by Commissioner Ambrose, to appoint Thomas Shaver to serve as Chair; appoint Bob Ambrose to serve as Vice-Chair; and appoint Commissioner Terri Huml to serve as Secretary. The motion carried 5/0.

**B. Consider Appointment of Executive Director and Assistant Executive Director**

Commissioner Shaver made a motion, seconded by Commissioner Ambrose, to re-appoint Jeff Dahl as Executive Director and Emily Goellner as Assistant Executive Director. The motion carried 5/0.

**C. Consider Discussion and Amendments of Bylaws**

Chair Shaver noted that the HRA had gone through the Bylaws in 2022 and asked if there were further amendments that needed to be made.

Commissioner Koch noted that the only one that jumped out at him was on page 2, item #2, where it says 'exploit the natural advantages of Lake Minnetonka'. He stated that he did not want to wordsmith it, but admitted that the word 'exploit' had jumped out at him.

Chair Shaver noted that it had been commented on several times in the past. He stated that he would be open to amending the connotation of the use of 'exploit' because it can cause confusion.

Executive Director Dahl stated that the point here is that was one of the previous goals or provisions of the original Bylaws and are really just alluding to what the original goals were. He explained that in 2022 they had created updated Vision and Mission statements with specific target areas, which is a more relevant and important list of initiatives and noted that 'exploit' was just referencing the past.

Commissioner Koch stated that he was okay with that and noted that it showed great progress.

Chair Shaver explained that he was also comfortable with that as he has been in the past, but wanted to make sure the Board's feelings were acknowledged and reiterated that the word 'exploit' has come up frequently.

Executive Director Dahl outlined the reason that certain things had not been included in the Bylaws and explained that he felt this was a good review of why the HRA operates the way it does as compared to other HRA bodies in other communities.

Chair Shaver agreed that the HRA has been running somewhat differently than other HRAs elsewhere and noted that there is the potential to review that this coming year as they move downstream on their goals and objectives.

Commissioner Koch made a motion, seconded by Commissioner Ambrose, to approve the Bylaws for 2024, as presented. The motion carried 5/0.

**D. Discuss Affordable Housing Work Plan**

Executive Director Dahl shared some background on discussions and ideas related to an Affordable Housing Work Plan and explained that the City Council had affirmed that affordable housing is a priority for the City during their strategic planning process. He stated that one of the goals that the City Council would like the HRA to work on is an affordable housing plan and be able to implement it and show some results.

Assistant Executive Director Goellner briefly reviewed the summary included in the packet that includes a summary of the Draft Affordable Housing Work Plan. She noted that it was not set up with a specific timeline yet because staff wanted to ensure that they were on the same page with the HRA regarding the guidelines, principles and main categories. She stated that they have split this work into two proposed categories: Preserve current affordable housing stock and explore opportunities to support new affordable construction. She explained that they have come up with projects for both of those categories but cautioned that they did not want to try to do too much at one time. She reminded the HRA of past conversations about existing naturally occurring affordable housing (NOAH). She also reminded the HRA that the 2040 Comprehensive Plan identified many ideas of what they can work on over the next 10 years and are using it to guide the work of City staff. She thanked Permit Technician Megan McCrady for her help preparing the documents for today's meeting as well as Planner Quarles for working to pull this together without outside assistance from a consultant.

Planner Quarles outlined the existing tools available to the City as well as proposed tools/research that can be used to preserve NOAH units in the community.

Chair Shaver asked if there were other tools that other communities were using to implement or preserve the NOAH housing stock in their communities beyond what she had presented.

Planner Quarles stated that typically it has to do with maintenance items because typically something that can take a NOAH property out of affordability is the larger maintenance items such as boiler replacement or other big-ticket items that force property owners to raise rents. She noted that another issue would be sale and rehabilitation of the property into something that is no longer affordable to the residents had been there before. She explained that she had not really seen anything outside of some sort of financial incentive to property owners in exchange for a commitment to stay at certain AMI levels.

Chair Shaver noted that he felt it will be important to talk about strategic partner relationships, for example what was just done with Homes Within Reach and Maggie Manor Too, as a way to enhance this program. He noted that within the inventory was Wayzata Woods which he believes traded hands a few years ago and would like to discuss how they continue to maintain its designation within the City's affordable housing stock post-acquisition.

Assistant Executive Director Goellner stated that staff does not have a lot of contact with that owner.

Executive Director Dahl noted that there had also not been wholesale improvements to the property. He stated that since they have talked about partnerships before, perhaps they should be intentional about engaging them and even have quarterly meetings in order to make sure they are aligned and are talking to each other about opportunities. He asked whether that would be considered a tool by itself or just something that they should simply prioritize.

Chair Shaver stated that rather than having it be part of a schedule, having it as part of the plan to continue to enhance those relationships and perhaps annually or bi-annually bring them in to have a Work Session to ensure that there is alignment. He stated that he also thinks about the existing NOAH housing stock, especially multi-family units, are predominantly held by a few families and asked how they can implement a communication strategy with them including being able to have a clear understanding of their long-term goals and objectives are. He stated that he would like to be able to have an open dialogue with these groups that have properties that fit this category and explained that what he was most concerned about was deterioration of existing stock because the City has limited inventory in preserving what they have.

Executive Director Dahl stated that connecting the dots between property owners, the City and other partners can add huge value, but could be missed if the City doesn't even know about specific opportunities and they are already, for example, working with a private buyer.

Assistant Executive Director Goellner stated that they have seen that other cities are incorporating energy efficiency work into the reimbursement of building permit fees in association with the LIRC program for things like solar panels. She stated that Parks and Environment Planner Kieser has great knowledge on this type of thing and has made contact with property owners about this but cautioned that they don't want to put too much into a program that makes it harder for owners to participate. She clarified that they don't want to make too many requirements that would get them away from their true first goal which is to keep residents in their units as long as possible at a steady rent. She stated that she believed this could be a nice add on, but encouraged them to stay focused on that first goal. She stated that in other cities, when a NOAH property is purchased by a new owner who may be from out of state, the pattern has been that they do a lot of work on the building at the time of purchase and people are given 30 days-notice to leave because rents are rising so quickly, they are not able to sustain that new lease. She stated that there have been situations around the metro area where over half of the residents have left within the same month and essentially have no where to go because there aren't many choices. She stated that these cities have passed a Tenant Protection Ordinance which requires that cities get 30 days' notice of a sale that is about to occur, so they may be able to change the nature of the transaction and help the residents. She noted that something like this may be a bit more far-fetched for a small community to be able to handle other than pointing these residents towards things like ODC and other entities. She encouraged the HRA that this type of thing is further in the future and the focus should remain on keeping up the properties that they have, making them as livable as possible, and keeping rents at a stable rate, but doesn't know how much control they will have over tenant displacement. She reiterated that as they are creating this Work

Plan she wants to make sure that they don't take on too much and truly focus on the things that they can really have an effective change on.

Assistant Planner Quarles summarized the existing affordable housing and referenced Resolution 10-2010 that recommended a focus on single-family owner-occupied housing and adopting of a new inclusionary zoning ordinance for new development that recognized the City's uniquely high land values. She noted that she could not find that the City had actually adopted this type of inclusionary zoning ordinance. She outlined some recent preservation efforts that have ramped up for staff over the last few months in documenting existing multi-family affordable buildings and details related to rent levels, permit and inspections, and zoning information. She reviewed some details related to the City's 19 multi-family buildings that have up to 485 NOAH units.

Commissioner Dayton stated that he believes the biggest risk, in this community, is loss of the existing affordable housing units. He stated many of these properties have been owned by the same owners for a long time and as they start to change hands, many of the properties will need things like new windows, roofs, boilers, and larger items which will require increased rents. He stated that he feels that it is a very good idea to reach out and talk to the owners about the benefits of the various programs available because it is typically a recording deed restriction that is in place for 10 years. He noted that besides the City waiving a bunch of other fees and costs, there isn't a lot of other incentives available.

Assistant Planner Quarles reviewed a map of the properties and explained that most of them are located along Wayzata Boulevard and are nestled in among single-family neighborhoods. She noted that ensuring that the redevelopment scenarios are less likely will also have big implications for neighborhood character as well. She recommended that the HRA not go through details for each individual property but reviewed what kind of information had been included for each one.

Chair Shaver noted that it will be interesting, if there could be a notation of there are part of the 4D or NOAH and if there are any restrictions and maturity of their involvement so they understand when that program could be rolling off. He explained that he feels that would be another piece of information to include in the summary for each property that would be beneficial to the HRA and as a tool for the City staff.

Assistant Planner Quarles stated that was a good idea so she would go back and look through resolutions to find out when those would be rolling off.

Executive Director Dahl asked if Chair Shaver or Commissioner Dayton recalled how long this program been going.

Chair Shaver stated that he did not recall.

Commissioner Dayton stated that he believes it was 3 or 4 years and noted that it was just last year that they did the step down and tweaked it a bit. He stated that he believes it will stick around and from a City perspective, he feels it is a great tool for preservation

of affordable housing and noted that the 4D program will have an impact on taxes versus something like a TIF.

Assistant Executive Director Goellner stated that if the HRA was supportive, at the next meeting, they could run through what those potential tax breaks would be for these properties. She explained that they had not included data for single family homes and could work on that also for the next meeting if the HRA would like to learn more. She stated that they have already met with the Community Land Trust and will encourage them to look for external funding sources but would always encourage them to purchase land within the City.

Executive Director Dahl explained that to be honest, they just don't feel like they get much 'bang for their buck' with single family homes.

Assistant Executive Director Goellner noted that the ground lease is for 100 years so in that time frame it helps several families but there is really not much that the City has control over in that scenario.

Chair Shaver noted that he believes what was happening back in 2010 was seeing that this wave would be coming and looking for ways to put tools in place to preserve the existing single family housing stock that is semi-affordable. He stated that he believes that it just did not get the attention that they were intending the program to offer at that point in time.

Assistant Executive Director Goellner asked if the HRA would be interested in seeing more data at their next meeting about which single family homes were still under that threshold of affordability.

Chair Shaver stated that, given their limited resources, he did think that should be where they focus their attention. He explained that he felt they should be strategic with their focus on multi-family so they don't take on too much.

Assistant Executive Director Goellner stated that she agreed, but in the meantime would still speak with the Community Land Trust, but that would be the extent of their focus on single family at this point and suggested they move the discussion onto ways to incentivize new construction and the park-n-ride site.

Planner Quarles reminded the HRA that the Park and Ride site is owned by Metro Transit and partners with the City. She stated that the City began speaking with them over the course of the Corridor Study. She explained that the conclusion of the study is that those taller buildings should be focused much more over by Central and Wayzata Boulevard and not down at the Park and Ride. She stated that Metro Transit has been putting in a lot of work with a survey and market study in order to do their due diligence and put out an RFP, but noted that staff would like to be a big part of this discussion because it is a priority for both sides to have some sort of affordable housing component on this site and for the character of the neighborhood. She noted that staff capacity is somewhat limited but explained that they were putting in the work that they can. She explained that the City

had submitted a proposal to the Humphrey School at the University of Minnesota for their Urban and Regional Planning Masters students to pick their capstone project which is what they work on at the end of their Master's program. She stated that they had their kick-off meeting for this project last week which she felt went great. She explained that what the students will do, specifically, is to do mostly site planning scenarios by looking at the City's zoning restrictions, design standards, and trying to get an idea of what the basic building blocks could look like on this site and how those could integrate Metro Transits requirements/needs for the site as well.

Chair Shaver suggested that they include the property owner to the west, in these discussions because they have the potential to be incorporated into this project.

Assistant Executive Director Goellner cautioned that they will want to be sensitive regarding the timing and the discussions with those property owners. She stated that they have cautioned the students that they have not had that kind of contact yet so their first priority would be just to work on site plans with just this single parcel, but to go ahead and point out possible opportunities that may exist with some site assembly.

Planner Quarles explained that the student's final project will be a presentation in a workshop format with the City Council and the HRA in order to discuss their findings and the overall analysis including financial feasibility and what they feel community engagement should look like in the future for this site.

Assistant Executive Director Goellner stated that they have May 7, 2024 set aside for this workshop presentation and noted that they are also planning to invite the Planning Commission to attend.

Chair Shaver asked if there was any stipend for the students for any architectural site planning.

Assistant Executive Director Goellner explained that they were not moving forward with any architectural work as part of the work with the students, but she thinks what could happen when they are done with this capstone is a stronger idea of what general site plans could look like and see what is possible. She stated that she believes that they may be able to apply for pre-development grants from the County or possibly the Met Council, but the later may be difficult because Metro Transit owns the property. She stated that the ultimate goal is that, in partnership with the City, Metro Transit release some type of RFP to developers to respond the challenge of redeveloping this site.

Executive Director Dahl acknowledged that the 'gorilla in the room' is that this community is very sensitive about height and they have told the Capstone students that there would not be any support for anything over 3 stories.

Commissioner Dayton stated that it will be very interesting to see this come together and see what everyone needs/wants for this parcel. He noted that if there was any way for the City to gain control of that site, he feels they will get a much better response through the RFP process.

Assistant Executive Director Goellner noted that land conveyance by Metro Transit to the City has already been discussed as an option.

Chair Shaver stated that he is excited about having the City Council, the HRA, and the Planning Commission at the table with the students to work on planning and choices.

Assistant Executive Director Goellner reminded the HRA to put the May 7, 2024 workshop meeting on their schedules and noted that they would like the students to speak to a few affordable housing developers to see how this works and what may be possible. She noted that she and Planner Quarles have developed a list of 3 potential developers that do affordable housing on a smaller/neighborhood scale. She encouraged to share any other ideas for developers with Executive Director Dahl so they can let the students interview them so they have a greater understanding.

Commissioner Koch asked what potential developers were on the list.

Assistant Executive Director Goellner stated that the potential developers are: L.S. Black; Sherman Associates; and J.B. Vang.

Executive Director Dahl stated that some next steps on the NOAH issue would be the engage the property owners about 4D.

Assistant Executive Director Goellner stated that they will also plan to return to the HRA with a list of the potential tax breaks for LIRC properties and an understanding of where current LIRC properties are at in their 10 year time frame.

Commissioner Dayton offered to put together a worksheet for some of the properties in order to show the benefit with public information.

Assistant Executive Director Goellner noted that she is also hoping that through the rental inspection process they will have a stronger understanding of the condition and needs for each building.

Chair Shaver thanked staff for this information and noted that he felt it was a good kick off for this initiative in 2024.

Assistant Executive Director Goellner gave a brief overview of new construction, in general, and what was included in the work plan. She stated that they would like to develop an affordable housing policy and part of that will be an understanding of what affordability was expected if a property were allowed to be a little more dense and a little bit taller than what is allowed within the straight zoning. She noted that would not be a discussion for today because staff would need to bring a lot of information in order for the HRA to really weigh in on it. She suggested that they bring this back in April and at least begin talking about this.

**E. Update of Development Projects and Other HRA Related Initiatives**

Executive Director Dahl noted that at the next City Council meeting there will be a work session where they give updates on all the Commissions and typically like to bring in a liaison from the Commission. He stated that staff can put together a one-page update of what the HRA is planning to work on in 2024 and asked if anyone would be willing to attend the workshop meeting on February 6, 2024 around 6:00 p.m. He asked the Commission to let him know after the meeting if anyone was willing to attend to help answer City Council questions.

Assistant Executive Director Goellner gave a brief overview of development projects and HRA related initiatives, including the: Wells Fargo site – the bank will come first before the housing element; Moments of Wayzata - were unsuccessful with obtaining their licensing because they need to have steel framing and are now looking to build a new facility in its place that has a similar footprint and a similar number of units; and, 1022 Wayzata Boulevard – preliminary demolition work has happened.

Commissioner Dayton asked if there was any news on the potential sale of the dry cleaner near the former gas station site.

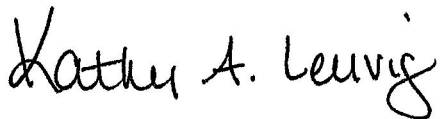
Assistant Executive Director Goellner stated that the owner of the gas station had reached out to the dry cleaner about the potential to work together and sell the sites at the same time, but the price given by the dry cleaner was quite high. She stated that she feels that assembling those two sites for one project could be great for the City, but it has not come together.

**NEXT MEETING DATE: Wednesday, April 24, 2024**

**ADJOURN**

There being no further business, Commissioner Ambrose made a motion, seconded by Commissioner Koch, to adjourn the meeting. The motion carried 5/0. The meeting adjourned at 9:15 am.

Respectfully submitted,



Kathy Leervig  
City Clerk  
City of Wayzata