

05/15/2024 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 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.

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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.

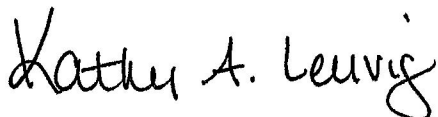
Commissioner Koch made a motion, seconded by Commissioner Huml, to Adopt HRA Resolution 01-2024 Authorizing Execution of Tax Increment Pledge Agreement for the Panoway Boardwalk and Docks. The motion carried 4/0.

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