

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, Bob Ambrose, Dan Koch, Ken Dayton, and Thomas Shaver

City Staff present: Community Development Director Emily Goellner, Assistant Planner Valerie Quarles, and City Attorney David Schelzel.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

A. Consider Approval of HRA Minutes of May 15, 2024 Meeting

Commissioner Huml made a motion, seconded by Commissioner Dayton, to approve the May 15, 2024 meeting minutes, as presented. The motion carried 4/0/1 (Commissioner Ambrose abstained because he was not present at the May meeting).

NEW BUSINESS

A. Consider Adoption of 2024-2025 Affordable Housing Work Plan

Community Development Director Goellner explained that the HRA had reviewed the Affordable Housing Work Plan at the last meeting and noted that the reason that they were looking to put together a formal two-year work plan was because they were looking for funding sources. She reminded the HRA that the two concepts included in the proposed work plan were: to preserve the existing affordable housing stock; and to explore opportunities to support new affordable construction projects. She noted that there had not been substantial changes to the work plan since it was reviewed at the last HRA meeting.

Chair Shaver stated that he felt the proposed work plan was very succinct and well put together.

Commissioner Koch made a motion, seconded by Commissioner Ambrose, to Approve Adoption of 2024-2025 Affordable Housing Work Plan, as presented. The motion carried 5/0.

Chair Shaver expressed his appreciation to City staff for all the hard work that they put into the preparation of this document.

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

Community Development Director Goellner explained that part of the City's prioritization to preserve the existing housing stock and facilitate redevelopment for affordable housing within the community, possibly at the Metro Transit Park and Ride site, would include the use of some of their tools to provide funding without having an impact on the General Fund, which would be done through the use of TIF. She stated that the original intent for TIF #5 and #6 were for redevelopment purposes, which means that the TIF plans need to be modified in order to be able to use a portion of the funding on affordable housing initiatives. She introduced Stacy Kvilvang, Ehlers, to give more details about modifying the TIF districts for this purpose.

Chair Shaver asked Ms. Kvilvang to walk through a few things for the HRA, including the cause and effect of adopting these resolutions, how other municipalities have used this tool, and why it would be important for Wayzata.

Stacy Kvilvang, Ehlers, stated that this action will preserve the City's flexibility and give the opportunity to have a funding source for their affordable housing initiatives. She noted that a frequent question is how these funds are distributed and explained that by law, the funds stay in the TIF district and they do not have authority to transfer them out to any other fund. She explained that they can only transfer them out once they have a qualified project which meets the housing income limitations through the statute. She stated that even if the City does not have a project right now, those funds will be in there which gives them the flexibility to use them in the future. She noted that when there is an opportunity to use these funds, cities can do things like put them in the form of a grant, a forgivable loan, or a pay-as-you-go project. She shared examples from St. Louis Park who used their dollars to get deeper affordability in projects that were coming forward, and other communities that used them to get larger 3-4 bedroom units in the project. She stated that most cities do this as a grant, but some also do them as loans.

Chair Shaver stated that there is really no impact to the existing TIF district itself or allocation of the existing bonds that are in place. He stated that this would just give the City the flexibility to have a pool available for projects as they come in.

Commissioner Dayton stated that he had a few questions about the model and noted that she had referenced that 10% of the proceeds could be used for affordable housing outside of the TIF district but then talked about 35% of that should be for affordable and asked what the difference was between those things.

Ms. Kvilvang stated that the law allows the City to take an additional 10% for affordable housing and that can be added to the pooling and administrative dollars, which is 25% in a district, which means that they have up to 35% available for affordable housing. She

noted that over time, they have to deduct from that anything that they are charging against administration and anything they do for legal pooling. She explained that both TIF #5 and #6 have done legal pooling outside the boundaries of the district so those are already calculated into what reduction they would have available.

Commissioner Dayton stated that it appears as though for TIF #5 it comes out to 10% but TIF #6 seems to have a different percentage, but he didn't know why.

Ms. Kvilvang explained that it was the function of math and was based on expenditures in the district and what is available at the end of the day. She stated that TIF #5 has less funds available because the City used the majority of them for the pay as you go note and the bonds that they have issued. She noted that TIF #6 purposefully had obligations going out a shorter period of time which gives them the flexibility to have more funds available.

Commissioner Huml made a motion, seconded by Commissioner Ambrose, to Adopt Resolutions 02-2024 and 03-2024 to Approve Affordable Housing-Related Modifications to TIF Plans for TIF Districts #5 and #6. The motion carried 5/0.

OLD BUSINESS

A. Update of LIRC (Low-Income Rental Classification) Outreach to Multi-Family Property Owners

Community Development Director Goellner explained that at the April HRA meeting, they had directed staff to contact specific multi-family property owners regarding the LIRC tax savings program. Staff has been engaging in informational conversations with property owners and found that the biggest hurdle right now is simply their lack of understanding about the program. She explained that staff had prepared a formal letter to send to five specific properties on Rice Street E, Wayzata Boulevard E, Central Avenue S, and Glenbrook Road.

Commissioner Huml asked what the response has been when staff has talked to the property owners.

Assistant Planner Quarles stated that, at first glance, it is a complicated program, but once there have been some additional conversations it has become a bit more clear for them. She noted that the initial responses have shown interest because saving such a large amount on property taxes is very attractive to property owners.

Commissioner Huml asked if, in some cases, they would have to reduce the rents that they are offering in order to fit into the program.

Assistant Planner Quarles stated that for the properties that the City is targeting, the answer would be 'no'. She explained that part of their initial assessment of the naturally occurring affordable housing was that there were already owners that were charging

lower rents. She stated that they were trying to find a way to reward and encourage that to continue, by entering into the LIRC program.

Commissioner Dayton stated that he felt the letter was well written and asked if there may be a way for the City to expand on the benefit to these property owners, or if the intent was to keep it really generic. He gave the example of the statement in the letter that says that the rents are capped and noted that while accurate, rents have the ability to go up and down based on the average median income. He noted that it may be helpful to show a worksheet in order to show what the actual advantage would be for each property. He stated that if all the units at 101 Glenbrook Road were put into the program that would be a savings of \$11,000/year and for Wayzata Terrace would be a savings of about \$32,000/year. He stated that this program was really trying to provide more cash flow to the developer/owner in order to continue to remodel and keep the property updated but eventually there will be a cross over where the maximum and market rate rents will cross over, which will start to limit the rent increases.

Assistant Planner Quarles stated that they are working on a draft handout to go along with the letter that will have more of the technical information. She stated that she likes the idea of talking a bit more to those specific properties about the exact amount of money they are talking about and doing some of the math ahead of time.

Commissioner Dayton stated that he believes that the City will have to have a participation agreement similar to what was done with Maggie Manor II and suggested that staff review it to make sure that they want that specific language to apply to the other projects they are discussing.

Community Development Director Goellner stated that if any property owners would like to participate, staff would return to the HRA with this agreement, and agreed that it was likely to include some edits, because it would be similar to Maggie Manor II, but would be different.

Chair Shaver stated that something he feels could be beneficial to include in this information is a lookback to previous years that would show what they could have saved. He offered the services of Commissioner Dayton if staff needed assistance. He stated that he would suggest that they find a way to keep it simple and succinct in order to take some of the fear out of the equation.

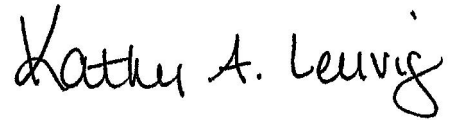
NEXT MEETING DATE: October 30, 2024

Commissioner Ambrose noted that Community Development Director Goellner would be departing the City soon and wanted to express his appreciation for her work over the years. He stated that he felt that Community Development Director Goellner was far and above any other member of the Planning or Community Development departments that the City has had. He explained that he wanted to wish her well in her new position, but make it know that she would be deeply missed at the City.

ADJOURN

There being no further business, Commissioner Huml made a motion, seconded by Commissioner Ambrose, to adjourn the meeting. The motion carried 5/0. The meeting adjourned at 8:00 am.

Respectfully submitted,

A handwritten signature in black ink that reads "Kathy A. Leervig". The signature is written in a cursive style with a large initial 'K' and a distinct 'A'.

Kathy Leervig
City Clerk
City of Wayzata