

**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: City Manager/Executive Director Jeff Dahl, City Planner Valerie Quarles, City Clerk Leervig, and City Attorney Schelzel.

**APPROVAL OF AGENDA**

Commissioner Huml made a motion, seconded by Commissioner Dayton, to approve the January 28, 2025 agenda, as presented. The motion carried 5/0.

**APPROVAL OF MINUTES**

**A. Consider Approval of HRA Minutes of July 31, 2024 Meeting**

Commissioner Koch noted a small error in the name of a consultant on page 4, which should be changed to Ms. Kvilvang.

Commissioner Dayton made a motion, seconded by Commissioner Huml, to approve the July 31, 2024 meeting minutes, with the change on page 4, as discussed. The motion carried 5/0.

**NEW BUSINESS**

**A. Consider Election of Officers**

Executive Director Dahl gave a brief overview of the responsibilities of the Chair, Vice-Chair, and Secretary.

Commissioner Ambrose made a motion to appoint Commissioner Shaver as Chair.

Chair Shaver suggested that they take action on the election of officers as a full slate and not individually and offered a friendly amendment to the original motion.

Commissioner Ambrose accepted the friendly amendment and made a motion to appoint Commissioner Shaver as Chair; Commissioner Ambrose as Vice-Chair; and Commissioner Huml as Secretary, for the 2025 HRA Officers. Commissioner Koch seconded the motion. The motion carried 5/0.

**B. Consider Appointment of Executive Director**

Chair Shaver made a motion, seconded by Commissioner Dayton, to appoint City Manager Jeff Dahl to serve as Executive Director of the HRA for 2025.

Executive Director Dahl noted that last year the HRA had appointed former Community Development Director Goellner to the position of Assistant Executive Director and explained that the City held final interviews for her replacement yesterday, and may want to appoint that individual as the Assistant Executive Director at a future meeting.

The motion carried 5/0.

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

Executive Director Dahl noted that there had been a few amendments to the Bylaws in 2022 to the goals as well as updating it to include the 2040 Comprehensive Plan. He explained that since that time there have not been many changes and did not see the need for any amendments at the moment.

Chair Shaver stated that he felt that the HRA had done a pretty exhaustive review of the Bylaws in 2022 and unless the HRA had any significant objections, he would suggest that they continue with their existing Bylaws.

Commissioner Koch stated that he was not sure that the packet on the website was the same as the one that was sent out in the packet, but noted that there were pages missing from the Bylaws in the one he received and asked staff to ensure that the website packet information had all the pages.

**D. Review and Discuss Affordable Housing Work Plan Items**

Executive Director Dahl announced that Valerie Quarles has been promoted from Assistant City Planner to City Planner.

City Planner Quarles reminded the HRA that they had put together an Affordable Housing Work Plan last year for 2024 and 2025 in which the included items were in varying degrees of progress. She highlighted some areas within the draft Affordable Housing policy for the City's density bonus system and explained that she was looking for feedback from the HRA on the draft.

Chair Shaver asked about the density bonus percentage calculation and whether a rental building with 10 units or more would have to have 10% of the units as affordable at an average of 30% AMI or if it was 95% of the units cascading through.

City Planner Quarles explained that these were set up as 4 different scenarios, so for buildings with 10 units or more, it would either be 10% of the units were affordable at an average of 30% AMI or less; 15% of the units are affordable at an average of 50% AMI or less; 20% of units are affordable at an average of 80% AMI or less; or 50% of units are affordable at an average of 100% AMI or less.

Chair Shaver noted that he thought about the practical nature of the affordability component within the City. He stated that they had prior discussions about workforce housing and how they could have housing available for the City's fire and police workers within the City which would not necessarily be determined by AMI as the benchmark. He noted that he used the terms workforce housing and affordable housing interchangeably and did not differentiate between them. He explained that it was expensive to develop in the City, and getting to the numbers in order to hit 30% AMI with 10% of the units, as affordable, required an extraordinary amount of support from the City as well as other outside agencies in order to finance that and becomes even more challenging at the other levels.

Commissioner Koch noted that he does see some of this kind of stuff coming through his workplace, Bridgewater Bank, and explained that they do not see many affordable housing projects that are below the 80% AMI standard, which seemed to be the most common benchmark.

Commissioner Dayton stated that what this paper was indicating was that the City was willing to work with density bonuses, if they meet certain thresholds, which he felt was a positive thing. He asked whether they may want to put in a reference of 60% AMI where they would start getting into Low-Income Rental Classification (LIRC) or 4D taxes. He explained that if a developer would come into the City, and were planning to start doing projects that had a higher level of affordability such as the 30% or 50%, they will look for density bonuses, but also for other resources. He stated that he felt that this would bring them the possibility of talking to the City about some TIF that may be available, but also would possibly begin bringing in funds from the County or Minnesota Housing, so it would create more resources.

Commissioner Koch noted that, for example, it could provide an opportunity if it was a philanthropic organization, to help fund the project, because it would make the math totally different.

Commissioner Dayton agreed that it would make the math different and they would be trying to go to the private sector to help fund the project because the governmental resources are limited. He noted that would be a big area where the City could step in and help make these projects more economical. He explained that he had not really gone through the math, but reiterated his question about whether they wanted to make a reference to the 60% AMI.

City Planner Quarles stated that she felt it was fair to add the 60% AMI threshold and explained that she had it broken down by the Met Council's buckets, in terms of affordability, but since they talk so much about 60%, especially with LIRC and 4D, she felt it would be fine to also include it.

Commissioner Koch noted that he felt having the 100% AMI was a good idea, but he did not think that would get the City anywhere in the Met Council's requirements for 42 units by 2030.

City Planner Quarles confirmed that was accurate, but noted that getting anything in the City at 100% AMI would be great for the City, from a policy perspective, even if it didn't help them out with the Met Council.

Chair Shaver stated that the 2040 Comprehensive Plan guidance is recommendations or targets.

Executive Director Dahl stated that the Met Council tethers grant applications to the City meeting its goals, such as affordable housing, so if the City was not trying or showing projects that were not in alignment with their affordability goals, then they would be less likely to fund projects. He explained that was how the Met Council used this as leverage, but outside of that, acknowledged that they were just targets.

Commissioner Koch asked if the City had added any affordable units since the Comprehensive Plan had been approved.

Executive Director Dahl stated that the City had confirmed some with the Maggie Manor Too project.

City Planner Quarles noted that other cities have different policies on whether for-sale units would be included in affordable housing policies and explained that she did not have high hopes for this to make it into the final policy in the City, because those types of units were really at a premium, even in comparison with rental units and also because some of the administration in that scenario would get really complicated given the limited amount of City staff.

Chair Shaver agreed that he did not believe it would be worth the level of effort it would take in order to implement for-sale units. He stated that he felt more of their focus should be on ways the City can support the naturally occurring affordable housing.

*There was Consensus of the HRA to not include for-sale units in the City's affordable housing policies.*

City Planner Quarles moved the discussion onto what the role of potential City-funded construction of affordable housing versus mixed-income housing produced by the private sector should be.

Chair Shaver stated that, in his opinion, the City cannot financially support the deeply affordable housing and felt the focus should be on the 60% and 80% AMI because it would move towards accomplishing what the City's objective would be for workforce housing.

Commissioner Dayton noted that a 60% to 80% affordability was a good number to achieve and would be quite a rental advantage in this community to be able to get to that level.

**01/29/2025 Minutes from Housing and Redevelopment Authority Meeting**

**Page 5 of 8**

Chair Shaver stated that he felt it would be helpful, as they consider this policy, to look at the updated AMI metrics that the Met Council was supporting. He stated that he felt it would be good to have an understanding of what income levels would be to be able to support rent and noted that he felt that they would be a good backdrop as they share these numbers.

Commissioner Koch noted that he had looked that information up earlier this morning and stated that for 2024 the AMI was around \$122,400 for a family of 4. He stated that meant that an 80% AMI for one person in the County would be \$68,500, 2 people would be \$78,250, 3 people would be \$88,000, and 4 people would be \$97,800.

Commissioner Huml asked if that was a sliding scale based on incomes as they change or if it only went up.

Commissioner Koch stated that unless there was a deflationary period, it would only go up every year.

Chair Shaver asked when numbers for 2025 would be published.

Commissioner Dayton explained that the preliminary numbers should be announced sometime in February.

City Planner Quarles explained that staff would do some of the revisions to the draft policy, based on the feedback they received from the HRA. She stated that she would also like to engage some assistance from consultants on this, at some point, and noted that they would plan to bring the updated draft back to the HRA at their next meeting.

Executive Director Dahl stated that anytime things come through the Planning Commission or the City Council related to density, it raises eyebrows in the community. He explained that when they bring this to the Council, he felt it would be a good idea to have some representation from the HRA present to support this item. He asked City Planner Quarles which zoning districts or areas the density bonus would be applicable.

City Planner Quarles explained that it would be applicable to R5 projects and most of that was already existing multi-family.

Commissioner Dayton noted that this was focusing on density bonuses and asked if the City had planned on giving any other incentives for different levels of affordability.

City Planner Quarles stated that outside of funding, she felt that this was probably the only way that the City would be able to give this a push.

Executive Director Dahl stated that he felt the options available to them were tax classification, TIF, and density bonuses.

City Planner Quarles stated that scale was a big part of doing much of the math in what she put together because the City was not getting 100-unit buildings that will get to go up

to 120 units and would more likely be a 15 unit building that may get up to 17 units. She stated that they needed to recognize that Wayzata does not have the kind of scale that other cities like St. Louis Park or Minnetonka has. She stated that since the HRA met last, they have been able to get into some meaningful conversations with some of the affordable building owners regarding possible participation in 4D, with the NOAH housing. She noted that none of them have made commitments to the program yet, but at least 2 of the property owners were curious about the possibilities.

Chair Shaver asked the City Planner to give the HRA a brief summary of the LIRC program and the qualifications related to using the 4D.

City Planner Quarles stated that if someone owns a multi-family building and they are willing to charge rents that are affordable to people making 60% AMI or less, they can be eligible for a steep property tax reduction which is around an 80% reduction. She stated that it made the conversations a bit easier with the property owners who were already charging affordable rental amounts of 60% AMI or less because they could just ask them if they would also like to have a property tax reduction. She stated that the other longer-term projects that are in the work plan such as redevelopment of the Park & Ride site would be on hold until the City gets a new Community Development Director in place.

Commissioner Koch asked about distribution, outlined in the 4<sup>th</sup> paragraph, and noted that it looked like the City allowed density to be added in certain spots for non-affordable housing as long as they provided affordable housing somewhere else in the City.

City Planner Quarles stated that was not noted in this policy, but she felt it could be an interesting addition as they work towards incentivizing some preservation.

Executive Director Dahl stated that he felt that may be more of a one-off kind of situation that would be difficult to include in the overall policy.

Chair Shaver stated that he would agree that it may be difficult to include as part of the policy, but having it as a benefit and a way to reward that kind of behavior may be something to look into.

Commissioner Koch stated that he also felt the City wanted to integrate the affordable units and the market rate units and not simply allow people to put affordable units on one side of town, because he felt that approach may have some unintended consequences.

City Planner Quarles gave a brief update on other things that were included in the work plan.

Commissioner Ambrose stated that it appeared that most of the policy details that they have been discussing were coming from either the Minnesota legislature, Met Council, or the City and asked if any of it was from Federal.

City Planner Quarles stated that the only things that would be based Federally would be if they talked more about low-income housing tax credit projects, but the City has not had

those discussions because they have not had new construction try to take advantage of that.

**E. Update of TIF Cashflow and Future Training Opportunities**

Executive Director Dahl explained that he had included the most recent cash flow study information in the packet and noted that the City would be working on updating this model with the hopes of having it ready for the April meeting. He noted that he felt that they would be seeing some changes with the increment being generated because he felt the values would continue to go higher. He stated that they were also projecting new developments happening within TIF 6 sometime in the next few months. He noted that they have a pooling amount that is much more than their conservative estimates had expected, which should have additional updated data available within the next few months. He explained that he just wanted to bring this to the HRA's attention in order for the Council and the HRA to maximize the opportunities and be able to reduce the overall burden on the general property taxpayers and noted that he felt it was important for the HRA and the Council to be in sync with each other. He explained that they were hoping to have kind of a TIF 101 session at a Council workshop, where they would bring in the consultants, on March 4, 2025, prior to the regular City Council meeting, and felt it would be a good idea if the entire HRA was able to attend that meeting as well.

Commissioner Huml asked if people would be able to log into that Council workshop remotely.

Executive Director Dahl stated that they would probably not be able to have remote access.

Chair Shaver stated that he felt having a TIF 101 workshop was important, especially with new Councilmembers because frequently, there is a misconception about TIF. He noted that he felt that the City had been able to use the TIF tool very effectively in the past.

Commissioner Dayton stated that he wasn't sure if he would be able to attend the Council workshop when they discuss TIF, but he felt it would be important to discuss the increasing values of redevelopments. He noted that if they have pay-as-you-go TIF, everyone gets concerned about revenues that may be lost. He stated that there was a huge benefit in the additional tax that is created on the market rate levies because that was never actually part of the equation, but they would benefit from the increased values of redevelopment.

Executive Director Dahl stated that he agreed and noted that Mayor Mullin would be speaking about that as well as the misconceptions about TIF in his State of the City address in late February.

**F. Update of Development Projects and Other HRA-related Initiatives**

Executive Director Dahl noted that for the last few years, the City had been pursuing options for a sales tax in order to keep some revenue because many of the people

spending money in Wayzata are from outside of the community. He explained that currently there was a moratorium on allowing this type of sales tax, so cities cannot even ask for legislative approval, but they had recently heard that the moratorium may be lifted in April. He stated that he expected the City Council to have some conversations about possible options and what may be the best approach between a food and beverage sales tax or a local option sales tax. He explained that he would give the HRA updates as they happen because this could affect local businesses as well as City operations.

City Planner Quarles updated the HRA on development projects and answered questions about plans and progress, including: Wells Fargo project; former TCF site; Moments of Wayzata; Westway Condominiums; Harbors of Wayzata (formerly Cantissimo); the demolished gas station site; and 150 Broadway Avenue S.

Executive Director Dahl noted that 641 Lake Street is the old Caribou location on the west side of the Carisch building, and explained that it would be demolished this spring and rebuilt. He explained that because it would be the same overall footprint and just a small portion of the building, it will be handled through administrative review and not through the development process with the Planning Commission and City Council.

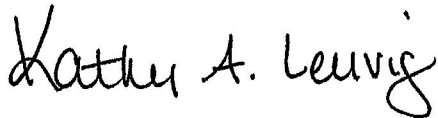
**OLD BUSINESS**

**NEXT MEETING DATE: April 30, 2025**

**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 8:37 am.

Respectfully submitted,



Kathy Leervig  
City Clerk  
City of Wayzata