

**CALL TO ORDER**

Chair Shaver called the meeting of the Housing and Redevelopment Authority to order at 7:00 a.m.

**ROLL CALL**

Members Present: Commissioners Bob Ambrose, Terri Huml, Steve Fox, Dan Koch, and Thomas Shaver

Members Absent: None

City Staff present: Executive Director Jeff Dahl, Community Development Director Emily Goellner, City Attorney Schelzel, and City Clerk Kathy Leervig.

**APPROVAL OF AGENDA**

Commissioner Koch made a motion, seconded by Commissioner Huml, to approve the January 20, 2022 agenda as presented. The motion carried 5/0.

**APPROVAL OF MINUTES**

**A. Consider Approval of HRA Minutes of January 20, 2022 Meeting**

Commissioner Ambrose made a motion, seconded by Commissioner Fox, to approve the January 20, 2022 meeting minutes, as presented. The motion carried 5/0.

**OLD BUSINESS**

**A. Consider Approval of First Amendment to Tax Increment Financing Agreement (TIF) with Lothenbach Properties, VI, LLC at 401 Lake Street East**

Executive Director Dahl explained that there is an amended agreement before the HRA for a TIF Agreement with Lothenbach Properties. He noted that the HRA had originally approved an agreement in the spring of 2020 which the City Council had also approved. He stated that over the past 2 years, the pandemic occurred the developer had run into delays associated with the complexity of the construction project. He explained that for a variety of reasons, the developer has asked to extend the deadline of the agreement as construction was not yet completed. He stated that after talking to Ehlers and City Attorney Schelzel, staff felt that it wouldn't hurt to extend the deadline until early 2023 and are recommending approval of the amended agreement.

Commissioner Huml asked if this agreement was intended to run concurrent with the completion of the project.

Executive Director Dahl explained that there are triggers in the agreement for the developers starting to receive payments once the project is done. He stated that the City likes to have thresholds or trigger points in the agreement where staff will work with the

consultants to sign off on the project being complete, which triggers the accounts payable process.

Chair Shaver asked if this meant that the issuance of the note would be at post completion in which the first payment theoretically being around August of 2023.

Executive Director Dahl confirmed that this was correct.

Chair Shaver asked when the applicant anticipated being complete.

Greg Keup, of Lothenbach Companies, stated that they have a tenant on the second floor who is planning to be in on July 1<sup>st</sup> and they also have a tenant lined up for the first floor retail space also. He stated that the timelines may be bumped back a bit, but they are thinking late summer. He stated that their offices will be on the third floor and explained that there had been some delays in the cabinetry, but they are hoping to be in by September 1<sup>st</sup>.

Commissioner Huml stated that she realized there had been some construction delays but asked when the City could expect the construction equipment on the site to be gone.

Mr. Keup stated that he thinks both lane blockages are expected to go through the middle of May and then it will change to just one lane closed while they do the sidewalk and would expect it to be opened up a few weeks after that.

Commissioner Koch made a motion, seconded by Commissioner Huml, to approve the First Amendment to Tax Increment Financing Agreement (TIF) with Lothenbach Properties, VI, LLC at 401 Lake Street East, as presented. The motion carried 5/0.

## **NEW BUSINESS**

### **A. Discussion of Affordable Housing and Joint Meeting with City Council**

Executive Director Dahl explained that since the last meeting, they have not made a lot of progress on this topic other than having a better idea of where the Council is at. He stated that the City has been moving forward with a Wayzata Boulevard Corridor Study, they have been getting comments about what the Comprehensive Plan indicates and what the overall direction and vision is for affordable housing. He stated that he feels it is clear that the Council has different perspectives on it so staff thought it would be helpful initially to take a step back and discuss the visioning process and what is in the Comprehensive Plan related to affordable housing. He stated that staff still feels it is a good idea to hold a joint meeting with the City Council but felt it would be a good idea to take time to provide more information about what has already been created and gain alignment.

Commissioner Koch asked for a summary of the Council's point of view in terms of how it is different from what the HRA has expressed.

Executive Director Dahl stated that he believes it relates to concerns about density in the community and that there is a disconnect between density and mass, for example, just because a building has 20 units, it does not mean it needs to be 4-stories tall. He stated that an example is the project on Lake Street because it is really not that dense of a project in terms of units, but the building is huge because the units are very large with 12 foot high ceilings. He stated that he thinks there is a desire to have affordable housing but that priority conflicts with some of the other community values such as charm.

Commissioner Huml asked if the City Council and the Planning Commission were aligned in their thoughts about affordable housing. She asked if they are 'like-minded' when they look at these projects because when she watches the meetings, she has seen a bit of a disconnect between the two.

Executive Director Dahl stated that he believes they are aligned with what their roles are in interpreting the code and the Comprehensive Plan.

Community Development Director Goellner stated that there has been some turn over on the Planning Commission and the new Commissioners are bringing a new perspective to the group that is more focused on the bigger picture and thinks they are more open to different types of buildings particularly on Wayzata Boulevard. She explained that what they are proposing for the corridor study is that they bring the HRA together with the City Council and the Planning Commission in some joint workshops. She noted that the discussion about affordable housing will just be one part of that overall discussion about the change that is coming for the corridor.

Executive Director Dahl stated that in addition to new people, making sure that there is alignment with the work that has been done with visioning and planning, they also just recently did a community survey and there is more up to date data that shows what the community would like to see. He stated that it is clear that there is an older population and there is a strong desire for that population to have their young adult children have the ability to live and be in the City as well.

Chair Shaver asked if the assumption should be made that the backdrop would be the 2040 Comprehensive Plan that was put together as the baseline document.

Community Development Director Goellner stated that was correct and added the visioning document that was completed right before the Comprehensive Plan about 'sailing ahead' had a lot of information in it and also had included a lot of community engagement.

Executive Director Dahl stated that taking time to go through the vision document and the Comprehensive Plan and then implementation. He stated that he thinks it would make sense for the initial meeting to go over much of that to ensure that everyone is aligned.

Commissioner Huml stated that she thinks that is a great guideline and because of the new people, she thinks a workshop like this would be helpful for both the Council and the Planning Commission.

Executive Director Dahl stated that they want to avoid a situation where all this work is done and then it gets to the Council and there is a lot of apprehension.

Chair Shaver stated that he appreciated staff's willingness to take this step back and make sure there is alignment in place before all the work happens.

Community Development Director Goellner explained that the Council had elected two co-chairs to the corridor study committee, Molly MacDonald and Jeffrey Buchanan. She stated that they will serve on a core project team for the study that will include herself, Executive Director Dahl, Assistant Planner, Parks Planner, and the Public Works Director/City Engineer. She stated that they are excited to get started because it has been in the strategic plan for many years, but noted that it will take a year to complete.

Executive Director Dahl stated that there is kind of a parallel track of the HRA and the Council galvanizing the affordable housing initiative and then the corridor study on the parallel track and noted that there should probably be some discussion about how those two processes work together and possibly eventually merge. He stated that staff would like to have the community survey results a bit more defined so they would like to have a joint workshop meeting sometime this upcoming summer.

Chair Shaver stated that he agreed that this should dovetail with the community survey and what sequencing needs to happen and suggested perhaps a soft target date for the joint workshop meeting would be the third week in July.

Executive Director Dahl stated that the next scheduled HRA meeting is July 27, 2022 which is around when the joint meeting could begin. He suggested that before this date, the HRA hold a special meeting to review the draft agenda and review some of the survey results, and take action on other HRA items.

Commissioner Ambrose stated that he feels that would be very helpful to essentially remind the HRA of what they have already agreed to.

Commissioner Koch asked if there were good minutes from the meetings during the Comprehensive Plan planning sessions because his memory can get kind of fuzzy. He stated that perhaps they could also go back to the consultant who guided the City through this process. He stated that whatever detail staff can find related to the conversations that were had surrounding affordable housing, where it was guided, and needs to be done, would be helpful.

Chair Shaver suggested the HRA schedule a special meeting for June 22, 2022.

Executive Director Dahl stated that date may not work for the appropriate action on the easement issue. He stated that it is also possible that they do a more informal workshop style meeting.

Community Development Director Goellner noted that many from staff will be at the League of Minnesota Cities conference on June 22, 2022.

Chair Shaver noted that there may be a problem finding a date that will work so close to the Fourth of July holiday.

Executive Director Dahl asked for a show of hands for HRA members who were planning vacations in the mid-June timeframe and discussed possible meeting dates.

***There was consensus to schedule a special HRA meeting for June 15, 2022.***

**B. Update of HRA Related Activities**

Executive Director Dahl stated that the easement he mentioned in the previous item was a request from Xcel Energy on an HRA property, Heritage Park. He stated that the HRA may need to hold another quick meeting to consider that request. He stated that because TIF 6 has so many moving parts, the City has asked Abdo to come up with a coordinated and intuitive TIF cash flow plan and noted that they are working with Ehlers on that plan. He stated that staff thought it would be good for the HRA to talk about that so they have a better understanding of the ins and outs of TIF 5 and TIF 6, especially, so there are plans for a presentation at the next meeting. He noted that TIF district 6 is probably one of the most complicated ones that exist in the entire State because there are so many different thresholds, project deadlines, the 5-year rule, and involves private, public, and ancillary projects. He stated that the Maggie Too affordable housing project has moved forward and the property has been sold. He stated that here are 10 affordable units and the intent is to rehab them and preserve them as affordable. He explained that the City is working with them to ensure that they have the lowest tax code to make sure the tax rate is low and appropriate for that type of use. He stated that staff has looked at the possibility of using some money from an old TIF district to assist with keeping the cost of things like buildings permits down which will need HRA consent, but explained that there is no actual policy for this which does make him a bit nervous. He stated that if this was something that the HRA wanted to do, they could also discuss this at the next meeting.

Chair Shaver noted that he sits on the Board of Outreach Development Corporation and this was an initiative of a subcommittee of the Board to identify opportunities and property that could be acquired on their behalf to keep an affordable housing stock. He gave a brief overview of the parties involved in this effort to preserve existing affordable housing. He stated that he would love to have staff continue to explore ways that the City and HRA can engage with partners to dovetail with what exists in the Comprehensive Plan guidelines.

Commissioner Fox asked what kind of money or tools the City may need to come up in order to make the project work.

Chair Shaver stated that the existing tenant base hits the 60% AMI and the rents are at that level, but noted that the improvements gap has not been figured out yet.

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Executive Director Dahl stated that he thinks a larger discussion this summer will be the possibility of having a larger fund for City related fees for future affordable housing projects. He stated that if this is something the HRA would like to see he would suggest that they give direction to staff on what they would like to see done.

Chair Shaver stated that he is willing to look at all potential tools that could be provided to execute on work like this.

Following discussion, ***there was consensus to direct staff to look for 'tools' that may be at the City's disposal to assist in affordable housing projects.***

Executive Director Dahl stated that there may need to be a 'but for' test in order for the City to help this project because they cannot simply give money just because they think it is a good project. He noted that even if it was not able to be used for this project, that doesn't mean that the HRA could not explore it as a policy for future projects. He stated that he will work with City Attorney Schelzel to see what options may be available and bring those ideas to the next meeting for HRA discussion.

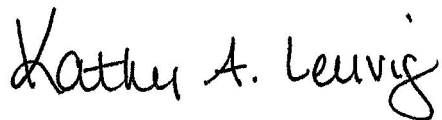
Community Development Director Goellner gave an update on development activities in the City under active construction as well as pending projects.

**NEXT MEETING DATE: Wednesday, July 27, 2022**

**ADJOURN**

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

Respectfully submitted,



Kathy Leervig  
City Clerk  
City of Wayzata