



**ECONOMIC DEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
NOVEMBER 18, 2019
7:15 PM (IMMEDIATELY FOLLOWING THE HRA MEETING)**

Call to Order

Approval of the minutes of the: 1) Regular Economic Development Authority meeting of August 19, 2019; 2) The EDA work session on October 21, 2019

AGENDA APPROVAL

1. Approval of the Agenda

OTHER BUSINESS

2. Consideration of the approval of a Transformation Home Loan Pilot Project to expand program parameters to accommodate up to three loans for projects constructing Accessory Dwelling Units.

Staff Report No. 7

EDA DISCUSSION ITEMS

3. EDA Discussion Items

EXECUTIVE DIRECTOR REPORT

4. Executive Director's Report

CLAIMS

5. Claims and Payrolls

6. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.



ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

August 19, 2019

CALL TO ORDER

The meeting was called to order by President Supple at 7:27 p.m. in the Council Chambers.

EDA Members Mary Supple, President; Pat Elliott; Maria Regan Gonzalez, and Erin Vrieze Daniels.

EDA Members Absent Sue Sandahl

Staff Present: John Stark, Executive Director; Julie Urban, Housing Manager; Katie Rodriguez, City Manager; Chris Regis, Finance Director; Neil Ruhland, Communications and Engagement Manager.

APPROVAL OF THE MINUTES OF THE REGULAR ECONOMIC DEVELOPMENT AUTHORITY MEETING OF JANUARY 15, 2019.

M/ Vrieze Daniels, S/Elliott to approve the minutes of the regular Economic Development Authority meeting of January 15, 2019.

Motion carried 4-0.

Item #1	APPROVAL OF THE AGENDA
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M/Elliott, S/Regan Gonzalez, to approve the agenda.

Motion carried 4-0.

Item #2	CONSIDERATION OF THE CONSENT CALENDAR
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Executive Director Stark presented the Consent Calendar:

- A. Consideration of the adoption of revisions to the Inclusionary Housing Policy with regards to Housing and Redevelopment Authority scattered-site programs.

M/Regan Gonzalez, S/Elliott to approve the consent calendar.

Motion carried 4-0.

Item #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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None.

Item #4	CONSIDERATION OF RESOLUTIONS APPROVING PROPOSED PROPERTY TAX LEVY FOR PAYABLE 2020 FOR CERTIFICATION TO HENNEPIN COUNTY
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Finance Director Regis presented the staff report regarding the proposed EDA property tax levy for 2020, explaining that the levy represents a 2.34% decrease from this year. Executive Director Stark gave a presentation on the budget, reviewing the various programs funded by the EDA.

Commissioner Regan Gonzalez asked for additional information on use of the Open to Business program. Executive Director Stark explained that there would be a future work session on a potential Business Development program and that he would bring data on usage at that time.

M/Regan Gonzalez, S/Elliott to approve resolutions approving the proposed property tax levy for payable 2020 for certification to Hennepin County.

Motion carried 4-0.

Item #5	EDA DISCUSSION ITEMS
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None.

Item #6	EXECUTIVE DIRECTOR REPORT
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None.

Item #7	CLAIMS AND PAYROLLS
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M/Vrieze Daniels, S/Regan Gonzalez that the following claims and payroll be approved:

U.S. BANK	2/18/19
EDA Checks: 20153-20169	\$44,904.00
TOTAL	\$44,904.00

U.S. BANK	3/18/19
EDA Checks: 20170 - 20182	\$12,150.00
TOTAL	\$12,150.00

U.S. BANK	4/15/19
EDA Checks: 20183 - 20193	\$7,250.00
TOTAL	\$7,250.00

U.S. BANK	5/20/19
EDA Checks: 20194 - 20207	\$14,050.00
TOTAL	\$14,050.00
U.S. BANK	6/17/19

EDA Checks: 20208 - 20224	\$29,307.00
TOTAL	\$29,307.00

U.S. BANK	7/15/19
EDA Checks: 20225 - 20240	\$40,435.75
TOTAL	\$40,435.75

U.S. BANK	8/19/19
EDA Checks: 20241- 20253	\$9,050.00
TOTAL	\$9,050.00

Motion carried 4-0.

Item #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:40 p.m.

Date Approved: _____

 Mary B. Supple
 President

 Julie Urban
 Housing Manager

 John Stark
 Executive Director



ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Work Session Meeting October 21, 2019

CALL TO ORDER

The meeting was called to order by Housing and Redevelopment Authority Chair Supple at 5:48 p.m.

ATTENDANCE

- EDA Members Present: Mary Supple, President; Pat Elliott; Erin Vrieze Daniels; Sue Sandahl
- EDA Members Absent: Maria Regan Gonzalez
- Staff Present: John Stark, Director of Community Development/EDA Executive Director
Katie Rodriguez, City Manager
Julie Urban, Housing Manager

<u>ITEM #1</u>	DISCUSSION OF BUSINESS DEVELOPMENT ACTIVITIES AND PROGRAMS
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Executive Director Stark explained the background of the City's business development activities and reviewed the current programs.

President Supple shared comments from Commissioner Regan Gonzalez, who was unable to be in attendance. Commissioner Regan Gonzalez wrote in support of the programs suggested by staff and agreed that additional staff is not the answer. She also asked what would outreach to small businesses look like and encouraged building off the existing partnership with the Chamber of Commerce. She also expressed her desire to see the City work collaboratively with partners to move business development work forward.

Executive Director Stark explained that staff turnover made consistent work with the Chamber more challenging and reminded Commissioners that the Chamber represents its members, not all Richfield businesses. A discussion followed regarding ways to work together on business development with the Chamber.

Rob Smolund from the Metropolitan Consortium of Community Developers (MCCD) described his work with Richfield residents and businesses through the Open to Business Program. Executive Director Stark explained that we're working on more consistent market of the program and exploring social media and other ways of creating awareness about the program.

Executive Director Stark stated that the Economic Development Authority (EDA) has \$170,000 available for business development and that there are several potential uses for the funds, including a business assistance loan.

Lee Hall, Chief Operating Officer at MCCD, talked about their lending experience and how they're using that capacity to assist communities with loan products. He explained that cities can structure the business loans however they want, and MCCD will administer, underwrite and service the loans.

Executive Director Stark reviewed potential terms of a Richfield loan program, explaining that the maximum loan would be \$75,000, in order to comply with the State's business subsidy law. He described a second option for EDA funds would be to create a displaced business fund specific to businesses being displaced by any City/HRA project. In response to a question from Commissioner Vrieze Daniels, Executive Director Stark explained that the program could apply to all displaced businesses but reminded Commissioners that resources are limited. He explained that a tiered program could be available to all but would prioritize and give greater funds to businesses displaced by a City/HRA project.

A third possible program would be to promote energy-efficiency loans through the Center for Energy and Environment. The EDA could also use its funds to buy down the interest rate.

Executive Director Stark described additional options for business development, including moving the façade improvement grant to a different geographic area, e.g., East 66th Street, and/or expanding banners to other areas, e.g., Cedar Point. The Commissioners discussed recognizing a business on an annual basis and marketing all resources to local businesses. Given the positive interest in all the options, Executive Director Stark explained that staff would come back to the EDA with one program at a time, providing more specifics, and asking for approval.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 6:45 p.m.

Date Approved: _____, 2019

Mary B. Supple
EDA President

Julie Urban
Housing Manager

John Stark
Executive Director



STAFF REPORT NO. 7
ECONOMIC DEVELOPMENT AUTHORITY
MEETING
11/18/2019

REPORT PREPARED BY: Kate Aitchison, Housing Specialist
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
11/12/2019

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a Transformation Home Loan Pilot Project to expand program parameters to accommodate up to three loans for projects constructing Accessory Dwelling Units.

EXECUTIVE SUMMARY:

A homeowner recently contacted staff about applying for a Transformation Home Loan for an Accessory Dwelling Unit (ADU) project on her property. ADUs offer homeowners the opportunity to either add rental income or provide housing for family members such as elderly parents, adult children or those with disabilities needing extra care. In addition, ADUs provide the community with more variety in housing stock and affordable rental options. Staff would like to take the opportunity to expand the Transformation Home Loan program to show support for this concept, while asking for additional homeowner feedback and outreach in return.

The ADU Pilot Project would be available November 19, 2019 to December 31, 2021, and would give the Executive Director authority to approve up to three Transformation Loans for ADU projects.

The following exceptions would also be added to the Transformation Home Loan guidelines:

1. The application fee of \$350 would be waived.
2. A free architectural consultation will be offered to the applicant.
3. The loan would still be calculated at 15% of project cost, with the maximum loan amount raised from \$25,000 to \$30,000.
4. Homeowners would be asked to agree to spotlight their projects on either the Richfield Remodeled Home Tour or through a case study narrative.

Constructing an ADU can be cost-prohibitive. Providing more funding and resources will offer the homeowner added incentive to complete their ADU project, while also giving staff a mechanism for outreach and education to the broader community.

RECOMMENDED ACTION:

By motion: Approve the Transformation Home Loan Accessory Dwelling Unit Pilot Project to allow for the funding of up to three Transformation Home Loans for projects involving accessory dwelling units.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

Over the past few years, Community Development staff have explored the role of ADUs within the community, from both a Planning and Zoning and Building Inspections perspective. The City currently has an ordinance in place that allows for the development of ADUs but has had no official applicants to date.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The promotion of ADU's is consistent with the Housing Vision Statement (Statement) that was accepted by the City Council and HRA in June 2013. The Statement calls for a full range and balance of housing types in the community that match the choices of residents at every stage of their lives.
- The proposed ADU Pilot Project is also consistent with the Comprehensive Plan update which calls for the rehabilitation and upgrade of the City's housing stock and specifically encourages use of the City's Accessory Dwelling Unit ordinance to increase the number of housing units and expand housing options for extended families.

Transformation Home Loan

- The Transformation Home Loan is available for transformative home remodeling projects with a cost of \$50,000 or more.
- The loan amount is calculated at 15% of the project cost, with a maximum loan amount of \$25,000.
- The loan has no payments and accrues no interest.

Accessory Dwelling Units - Planning & Zoning (512.05 Subd 8(R), 518.05 Subd.8 (R-1).

- Internal (basement), attached or detached ADUs are allowed.
- Detached ADUs are only permitted as part of a detached garage structure.
- The owner of the property must occupy at least one dwelling unit.

C. CRITICAL TIMING ISSUES:

The homeowner is eager to begin work on the project and hopes to start before the end of 2019.

D. FINANCIAL IMPACT:

- The EDA currently budgets \$130,000 annually for Transformation Home Loans.
- This ADU Pilot Project would allow for a maximum loan of \$30,000 rather than \$25,000.
- The \$350 application fee for the Transformation Home Loan would be waived.
- A free Architectural Consultation would be available to the homeowner, if needed (\$250 value)
- Design and construction of ADUs can be cost-prohibitive, and these expanded allowances will help to offset the financial barriers.

E. LEGAL CONSIDERATION:

The terms and conditions of the loan would remain the same, and a mortgage and promissory note would be filed with Hennepin County to secure the lien.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the Transformation Home Loan ADU Pilot Project.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Transformation Home Loan ADU Pilot Project	Backup Material

Transformation Home Loans

Accessory Dwelling Unit Pilot Project

The objective of the Accessory Dwelling Unit (ADU) Pilot Project is to ascertain the demand and function of a Transformation Home Loan within the construction of an ADU on a Richfield residential parcel.

The pilot project would allow for up to 3 loans to be made under the Transformation Home Loan guidelines through the end of calendar year 2021.

The following expansions would be included within the guidelines of the Transformation Home Loan:

- 1) The application fee of \$350 would be waived
- 2) A free architectural consultation will be offered to the applicant
- 3) The loan would still be calculated at 15% of project cost, but the maximum loan amount is raised from \$25,000 to \$30,000.
- 4) Homeowners would be asked to agree to spotlight their projects on either the Richfield Remodeled Home Tour or through a Case Study narrative for the City of Richfield.

To be approved for the ADU Pilot Project, an applicant must contact a Housing Specialist and begin an application for the Transformation Home Loan.

The Economic Development Authority Executive Director may approve additional ADU Pilot Projects through December 31, 2021, not to exceed three loans.

Criteria for Project Eligibility:

1. Must be constructing an ADU that meets Richfield's zoning code requirements.
2. Must be an owner-occupied housing unit (main residence)
3. Project must have a minimum cost of \$50,000
4. Project must have guidance from an experienced builder or architect familiar with urban ADU construction.