



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special Concurrent City Council and Housing and Redevelopment Authority Work Session

**April 15, 2019**

**CALL TO ORDER**

The work session was called to order by Mayor Regan Gonzalez at 5:45 p.m. in the Bartholomew Room.

*Council Members Present:* Maria Regan Gonzalez, Mayor; Mary Supple; Edwina Garcia; and Simon Trautmann.

*Council Members Absent:* Ben Whalen

*HRA Members Present:* Mary Supple, Chair; Pat Elliott; Maria Regan Gonzalez; and Sue Sandahl.

*HRA Members Absent:* Erin Vrieze Daniels.

*Staff Present:* Katie Rodriguez, City Manager; John Stark, HRA Executive Director/Community Development Director; Julie Urban, Housing Manager; and Kate Aitchison, Housing Specialist.

<b>Item #1</b>	<b>DISCUSS EMERSON LANE HOUSING PROPOSALS</b>
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Housing Manager Julie Urban provided an introduction to the topic. Housing Specialist Kate Aitchison provided an overview of the memo distributed on April 11th, 2019.

Executive Director Stark added that each scenario discussed needs more work and research, but until there is more guidance from policymakers, staff is unwilling to undertake further expenses. Additionally, in terms of financing there is more work that needs to be done to ensure that the site can support housing at these price points, on the part of the developer and the city.

Housing Manager Urban provided a simple pro/con overview of each development scenario for 1-, 2- or 5-home scenarios on the property.

Councilmember Trautmann asked for clarification on the per lot subsidy. Chair Supple responded and clarified how the subsidy per lot was reached.

Executive Director Stark noted that while this property was originally purchased for three Richfield Rediscovered homes, the extraordinary costs of the infrastructure improvements on the site do not make it feasible to recommend three or four homes on the site.

Commissioner Sandahl asked about the tax values that the City/HRA could expect from new homes on the site. Housing Specialist Aitchison stated that the estimated taxes to the City and HRA would be approximately \$2,050 per home, annually, based on a home value of approximately \$330,000.

Commissioner Elliott asked if an appraisal as originally done at the time of acquisition. Housing Manager Urban stated that yes, an appraisal had been conducted.

Commissioner Elliott asked if any other uses have been considered for the property. Housing Manager Urban responded that staff has reached out to other departments and the Minnesota Department of Transportation (MnDOT), but there have been no other entities interested in the property. The acquisition of the property was always intended for the Richfield Rediscovered program.

Commissioner Elliott asked why 3 or 4 homes were not being discussed. Housing Manager Urban and Executive Director Stark clarified that the HRA would be required to further subsidize the project in a scenario where 3 or 4 homes were to be built, so staff had eliminated those scenarios from consideration. (29:30)

Councilmember Garcia stated she understands that the purpose of the purchase of the property was to replace housing units that were previously lost.

Chair Supple asked about stormwater management on site, and how it would be monitored to ensure it doesn't negatively impact the neighbors. Housing Manager Urban explained that stormwater management is always reviewed, in Richfield Rediscovered and with all developments. This is either addressed in the Administrative Review Committee (ARC) process, or in the Building Permit process. A Stormwater Management Plan would also likely be required as part of a 5-home scenario.

Chair Supple also inquired about the widening of Emerson Lane as part of a development. Housing Manager Urban responded that it would be discussed during the ARC process with input from various departments.

Commissioner Sandahl asked about the adjacent land to the west and north, and whether it was owned by MnDOT. Housing Manager Urban responded that it is owned by MnDOT, and the city will need to address the long, narrow section to the north of the site.

Mayor Regan Gonzalez stated that she had been on the property. She asked if it would be possible to develop two higher-valued homes and a third lot that would be sold as vacant land to an adjacent neighbor. Housing Manager Urban stated that it could be considered, but that it would depend on the proposal and the site plan.

Chair Supple asked about the procedure for another party submitting a proposal for development of the site. Executive Director Stark explained the process for existing programs, and stated that if the neighbors are interested they should contact the city and put something together. Staff would put some timeframes on the process.

Councilmember Trautmann clarified that it would be a scheduled timeline for a proposal with clear parameters for moving forward. Executive Director Stark responded that yes, staff would review proposals and provide a timeline.

John Powell, 6800 Emerson Lane, spoke on behalf of the neighbors. The neighbors stated that they understand that housing is important to the city, and that there should be thoughtful consideration for the best use of the property. They questioned whether developing five homes would be consistent with the nearby lot sizes and character of the existing neighborhood. The neighbors feel like the two-home scenario would allow current residents the opportunity to buy a larger home and

remain residents. They stated that they have reached out and talked with contractors about the costs to develop the property. They stated they were hearing numbers of \$500,000-\$600,000, which is higher than what is being presented. The neighbors asked why Lynwood Blvd is zoned differently than Emerson Avenue and Emerson Lane.

Housing Manager Urban stated that she believes it is because the lots on Lynwood Blvd are larger, and that the lots on Emerson Avenue are not large enough to justify the different type of zoning.

Mr. Powell asked about ongoing costs for road maintenance for the new public road, and/or the widening of Emerson Lane. He also stated the neighbor's concerns about increased traffic on the roads, and whether any pedestrian safety improvements would be added as part of the development. There are also concerns about parking overflow onto Emerson Avenue or Emerson Lane.

Chair Supple moved the conversation to the policy questions of: 1) Is housing the appropriate use for this site, and 2) If housing is appropriate, what number of homes do you support?

Commissioner Sandahl stated her support for housing on this site, as it wouldn't be appropriate under another use. She stated her support for the development of 5 homes, as it provides the best return on investment for the HRA, and the most opportunities for housing. She stated her understanding of the concern shown by the neighbors. She stated that this development could be seen as part of a new neighborhood, and would be a good place for people to live.

Councilmember Trautmann read a statement provided by Councilmember Whalen who wasn't in attendance.

Councilmember Garcia stated she agrees with Commissioner Sandahl, but that we do need to work to accommodate the neighbors, while still providing housing opportunities in this tight housing market. She stated her belief that the land needs to be used for housing.

Councilmember Trautmann asked for staff input on the financial responsibility of the city for development costs on the lot, especially in the case of over-runs. Executive Director Stark responded that the estimated development costs are estimates at this point. It is difficult to predict any specific requirements on these elements from a preliminary plan. Executive Director Stark stated that a public conversation would be had if the HRA was being asked to contribute more to the development of the property. He also stated that the Public Works department hasn't shown any concern over the maintenance of additional public road on this site.

Councilmember Trautmann stated he is still concerned about the unknown costs of this property, and would also like to keep in mind the goals of the city's Inclusionary Housing Policy as we evaluate each site.

Mayor Regan Gonzalez stated that she supports housing on the site. She stated she doesn't feel like there is enough information available to decide whether or two or five homes would be most appropriate. She stated her desire to understand the feasibility of a two-home proposal at a higher price-point, or a proposal for three lots, with one lot being sold as vacant land to the neighbor. She stated her support for giving the neighbors a chance to put forward a proposal.

Executive Director Stark explained the appraisal process and how it would take into consideration the land use and development costs.

Commissioner Elliott stated the site seems to be a good place for two higher-valued, larger homes.

Executive Director Stark clarified the difference in road infrastructure for the two- or five-home scenarios. A private driveway would be required for the two-home scenario versus a full public road that would be required for the five-home scenario.

Chair Supple stated her support for housing on the site. She stated that the two-homes scenario seems like a better fit, if there is a feasible proposal for it. She stated she could support five homes if that is the only feasible proposal, but that 1, 3 or 4 homes would not be acceptable.

Councilmember Trautmann encouraged those interested to possibly work together on the development of this property.

Commissioner Elliott asked if the HRA could potentially sell land to remain vacant, or if that would be in violation of our Comprehensive Plan. Executive Director Stark stated that the HRA could make that decision if a proposal came before them with a different type of land use.

Councilmember Trautmann stated his concern that the costs would increase and the HRA would be responsible for those added costs. Housing Manager Urban stated that a Development Agreement would be negotiated as part of the HRA’s approval for the land sale, and would address the possibility of additional costs and the responsibilities of the developer and the HRA.

Executive Director Stark stated that the purpose of the work session is to narrow down what we should explore further.

Commissioner Sandahl clarified that housing seems to be the unanimous decision, and appreciated Mr. Whalen’s comments. She stated her support for the HRA to act in a fiscally-responsible manner.

Executive Director Stark reviewed the conversation and stated he understands that staff would continue to look at housing on the site, and would accept proposals for 2- or 5-homes. If the neighbors are interested in putting forward a proposal, they need to come in with a plan for the development of 2- or 5- homes. Staff will continue to look at both scenarios at this point.

Chair Supple thanked Dustin Endres with Endres Custom Homes, along with the neighbors and staff for all the work done on this proposal and for the development of the property.

**ADJOURNMENT**

The work session was adjourned by unanimous consent at 6:58 p.m.

Date Approved: May 28, 2019

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Maria Regan Gonzalez  
Mayor

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Jared Voto  
Assistant to the City Manager

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Katie Rodriguez  
City Manager