



**HRA/CC WORK SESSION WORK SESSION
VIRTUAL MEETING HELD VIA WEBEX
JUNE 15, 2020
5:45 PM**

Call to order

Open forum (15 minutes maximum)

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

1. Redevelopment status update provided by staff and developers.

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.



STAFF REPORT NO. 16

WORK SESSION

6/15/2020

REPORT PREPARED BY: John Stark, Executive Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Executive Director
6/11/2020

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW:

ITEM FOR WORK SESSION:

Redevelopment status update provided by staff and developers.

EXECUTIVE SUMMARY:

There are several redevelopment projects in various stages of planning or construction, staff and the developers of these projects would like to update the City Council and Housing and Redevelopment Authority (HRA) on the following projects: The Emi; 6501 Penn Avenue South, and; RF64. The Enclave Development is continuing to work on their proposal for redevelopment of the corner of 65th Street and Lyndale Avenue South and we expect to have a work session with them in July.

The updates will touch on the following topics for each of these projects:

The Emi - 101 66th St East

- Approved as mixed use project with 31 market-rate apartments and 6,000 square feet of first floor commercial space in 2018.
- One year extension of land use approvals granted in June 2019, additional six month extension granted in May 2020.
- Developer Paul Lynch is interested in exploring providing affordable units or contributing to the Housing and Redevelopment Fund in exchange for Tax Increment Financing.
- Additional minor modifications to the project, to reduce the amount of first floor commercial space will also be discussed.

6501 Penn Avenue South (former Bumper-to-Bumper site)

- In February, staff presented two possible affordability concepts to the HRA.
 1. 20% of the units affordable at 50% of the Area Median Income (AMI).
 2. 100% of the units income restricted, including some units with deeper affordability and supportive services.
- Both models present significant gaps; however, the concept of deeper affordability offers greater sources for filling that gap but also lengthens the time before redevelopment is likely to happen. A straight affordable project does, however, place limits on the amount of funding that can be spent on architectural and design fees, which would preclude the involvement of the Locus architectural team, as they are not affordable housing specialists.
- Four members were present at the meeting and were split in their response to the concepts. The HRA urged staff to consider community input on the issue of deeper affordability, given past response to

100% income-restricted developments. Staff was in the beginning stages of planning "community conversations" on the issue of affordability when the pandemic hit and the Stay-at-Home order was issued. Staff is considering how to engage the community in these conversations given the fact that the need for social distancing is likely to continue for several months.

- The project has been awarded a \$50,000 Livable Communities Pre-Development Grant.
- Issues of project phasing, transition to the neighborhood, and financial feasibility still need to be explored, and getting a clear vision on the affordability concept from policymakers will help the project to move forward.

RF64

- Construction on the first eight townhomes is nearing completion. One unit has closed and purchase agreements have been signed with four additional buyers. A model is now open, and a time for policymakers to tour that unit will be offered at the end of June. Utility work has begun on the next 16 townhomes. Some minor exterior changes and slight adjustments to the exterior dimensions have been proposed for the next units (staff-level approvals).
- Closing on the apartments was to have occurred at the end of March but was delayed due to COVID-19 related closures. The final plat has been submitted and is under review by the attorneys. A public hearing on the plat is expected on July 14, after which closing can occur.
- The development team is exploring a change to the unit mix, reducing the number of larger bedroom units for more, smaller units. This will require an amendment to the planned unit development, which is expected sometime this summer.
- These changes, plus the delay in construction start, has an impact on the tax increment generated by the project. A review of those impacts is underway, and a request to amend the Development Agreement is also expected.

With regards to the 127-unit Lund's apartment proposal, an update at the meeting is not planned, as there have been no changes to the proposal and the developer plans to be underway late this summer.

DIRECTION NEEDED:

- **Generally, provide staff and developers with feedback on the progress of projects.**
- **Specifically, provide staff and the development team further clarity on the amount and level of subsidization/affordability desired for the 6501 Penn Avenue South (former Bumper-to-Bumper) site.**

BACKGROUND INFORMATION:

A. HISTORICAL CONTEXT

- These projects have all been presented to policy makers at various times over the past 30 months.

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

N/A

C. CRITICAL TIMING ISSUES:

N/A

D. FINANCIAL IMPACT:

N/A

E. LEGAL CONSIDERATION:

N/A

ALTERNATIVE(S):

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives of: - PHL Development - NHH Development - Boisclair Properties