



To: Mayor and City Council

Agenda Item #: VIII. D.

From: Bill Neuendorf
Economic Development Manager

Action
Discussion
Information

Date: May 6, 2015

Subject: Resolution 2015-48
Supporting Affordably-Priced Housing at 3330 West 66th Street

Action Requested:

Approve Resolution 2015-48

Information / Background:

Beacon Interfaith Housing has requested general support as well as \$550,000 in direct financial support from the City to provide gap financing for the proposed 66 West apartment project located at 3330 West 66th Street. When completed, this project will consist of 39 efficiency apartments targeted as affordably-priced housing for teenagers and young adults who were formerly homeless.

A variety of funding sources are anticipated to support the \$10.5 million construction cost of this project. Even with financial support from other agencies, however, a financial gap is anticipated. Incremental property taxes would satisfy 5% of the construction budget.

The City Council was informed of the developer's request on January 28, 2015 and discussed the request at the April 7, 2015 Work Session. Staff was directed to explore the possibility of using incremental taxes from the Southdale 2 TIF District to meet the needs of the developer.

Staff has engaged Ehlers Associates and Dorsey & Whitney to review the feasibility of using tax increment financing to help support this project. They have determined that tax increment financing is a viable means to provide direct financial support to the 66 West project without overburdening pre-existing commitments.

The incremental taxes will be generated by the surrounding Southdale 2 TIF District and be shared with the 66 West project based on special TIF legislation approved in 2014.

Over the 8-year life of the Southdale 2 TIF District, at least \$12.7 million in incremental taxes is anticipated to be generated. This is in addition to the base taxes that continue to be paid and distributed to the City, School Districts and other taxing agencies. The incremental taxes will be sufficient to repay the \$5 million TIF loan. Based on the special TIF legislation, up to 55% of the incremental taxes, theoretically \$7 million would be available to support affordably-priced housing projects.

The proposed Resolution will accompany the developer's application to Minnesota Housing Finance Agency (MHFA) for tax credits to fund the majority of the project. The Resolution states the City's general support for the 66 West project and pledges \$550,000 in tax increment financing to help fill the anticipated funding gap. The TIF contribution includes professional costs necessary to establish a new Housing TIF District and to prepare a Redevelopment Agreement.

After construction financing from MHFA has been secured, the City will begin the process to create the new Housing District in accordance with TIF Law and prepare full legal agreements with the developer. In the event that primary construction funding fails to be secured by December 2016, the City's pledge to the developer will be rescinded so that an alternative project can be considered.

The City has long maintained a goal of creating new housing units that are affordably-priced. Support of the 66 West project could achieve measurable progress toward this goal. A TIF contribution of \$550,000 could achieve the following benefits:

- \$14,100 per unit for long-term affordably housing
- \$1 of TIF funding leverages \$18 from other funding sources

Staff recommends that the City Council approve the Resolution.

THIS STAFF REPORT ALSO ACCOMPANIES HRA ITEM. V. (HRA RESOLUTION 2015-01).

Attachments:

Resolution 2015-48,
January 28, 2015 staff memo,
Minutes from April 7, 2015 Work Session,
Approved 66 West site plans (5-pages)

RESOLUTION NO. 2015-48

SUPPORTING AFFORDABLY-PRICED HOUSING AT 3330 WEST 66TH STREET

BE IT RESOLVED by the City Council of the City of Edina, Minnesota as follows:

WHEREAS, the project being developed by the Beacon Interfaith Housing Collaborative (the “Developer”) consists of 39 efficiency apartment units targeted as affordably-priced housing for teenagers and young adults who were formerly homeless (the “Project”); and

WHEREAS, the City Council approved the re-zoning of the property in October 2014 and modified the Comprehensive Plan to allow this type of use in the developers preferred location in November 2014 after concurrence by the Metropolitan Council; and

WHEREAS, the Developer acquired the property in October 2014 and is currently seeking funding from several sources to construct the project in 2016; and

WHEREAS, a variety of grants or other public financial assistance will be required to build the Project including housing tax credits from the Minnesota Housing Finance Agency (the “MHFA”); and

WHEREAS, the Project will be designed to encourage increased walkability in the Southdale district; and

WHEREAS, the Project will be developed with the requirements of Minnesota Statutes Section 469.174 to 469.1794 (the “TIF Act”); and

WHEREAS, the Project will be developed consistent with Resolution 2014-139 and Ordinance 2014-17 allowing affordable housing with supportive service in the Regional Medical District; and

WHEREAS, the Project is estimated to cost approximately \$10,505,000 and the Developer is requesting \$550,000 in tax increment from the City; and

WHEREAS, the City and Developer will negotiate and enter into a Redevelopment Agreement governing the Project and will satisfy all requirements of the TIF Act; and

WHEREAS, the City will establish a new housing TIF district pursuant to the TIF Act and 2014 Minnesota Session Laws, Chapter 308, Article 6, Section 8 (the “Edina Legislation”) that will include the Property (the “Housing TIF District”). The tax increment within the Housing TIF District for the Project will be generated from the City of Edina, Southdale 2 tax increment district (the “Southdale 2 district”) in reliance on the Edina Legislation; and

WHEREAS, the establishment of a tax increment financing district for the Project and the pledging of the tax increment to secure a loan for the project is a local contribution and will assist the Developer in securing the approvals from the MHFA for housing tax credits.

NOW THEREFORE, BE IT RESOLVED, the City of Edina endorses the Developer’s application for housing tax credits as administered by MHFA; and

BE IT FURTHER RESOLVED, the City shall provide, in accordance with the requirements of this Resolution, a total of \$550,000 in order to facilitate the financing of the Project. If MHFA funding is not approved by December 1, 2016, the City may rescind its financing commitment to the Project in order to fund another affordable housing project.

Dated: May 6, 2015

Attest: _____
Debra A. Mangan, City Clerk

James B. Hovland, Mayor

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS
CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of May 6, 2015, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of the City this _____ day of _____, 2015.

City Clerk

Economic Development

Phone 952-826-0407 • Fax 952-826-0390 • www.EdinaMN.gov



Date: January 28, 2015
To: Scott Neal, City Manager
From: Bill Neuendorf
Economic Development Manager
Re: **66 West Apartments –
Funding Request from Beacon Interfaith Housing**

Representatives from Beacon Interfaith Housing recently met with City staff to request support for the 66 West Apartments.

This project consists of 39 efficiency apartment units targeted as affordably-priced housing for teenagers and young adults who were formerly homeless. City Council approved the re-zoning of the property in October 2014 and modified the Comprehensive Plan to allow this type of use in the developers preferred location in November 2014 after concurrence by the Metropolitan Council. The developer acquired the property in October 2014 and is currently seeking funding from several sources to construct the project in 2016.

The developer requested consideration on two levels. Direction from City Council is necessary for staff to proceed.

1) Provide Letters of Support for Grant Requests to Other Agencies

The majority of the funds are anticipated to come from state and federal resources. A successful grant application usually requires written support from the local municipality. Municipalities commonly serve as the grantees on behalf of the developer for grant awards from Hennepin County and the Metropolitan Council.

The City of Edina has frequently issued support letters and serves as a grantee when requested.

2) Provide Direct Financial Assistance

The developer requests direct financial assistance from the City to further demonstrate its support for the project and to make progress on the City's goal of creating additional affordably-priced housing in Edina. The preliminary budget prepared by the developer anticipates funding from the City of Edina in the range of \$100,000 to \$500,000. The developer prefers that such support be confirmed prior to June 2015, to coincide with their application for the majority of the funding from the Minnesota Housing Finance Agency.

To date, financial support of this project has not been included in the City budget. City staff identified a few funding sources to potentially draw from, if so directed.

Revenue Source	Annual Amount	Background
CDBG, direct allocation	Approximately \$120,000	<p>These funds are typically split among various agencies that serve Edina residents. Approximately 85% supports West Hennepin Affordable Housing Land Trust (WHAHLT) and Hennepin County Housing Rehabilitation Program (HCHRP) while 15% supports local public service agencies.</p> <ul style="list-style-type: none"> • WHAHLT underwrites the land value for affordably-priced single-family homes; they have completed 9 homes in Edina since 2007 • HCHRP provides forgivable loans to income-restricted households to make needed improvements to their homes; they fund 2-3 projects per year in Edina • Public service agencies include: Senior Community Services, Community Action Partnership, & Homeline (tenant advocacy)
Southdale 2 TIF	Unknown	<p>The property is located within an established TIF District that was granted flexibility to fund affordably-priced developments initiated prior to June 2017. Over the 8-year life of the Southdale 2 TIF District, it is likely that some excess increment will be collected. The specific amount of revenue is uncertain at this time. A reasonably accurate estimate is anticipated in April/May 2015.</p>
Centennial Lakes TIF	--	<p>This TIF District closed in December 2014 and is no longer collecting new revenue. The Edina CIP contains a spending plan to use remaining funds to support public improvements that spur additional economic return to the community. No additional funds are available.</p>
Waiver of Permit Fees	--	<p>Historically, the building permit fees for private development projects have not been waived.</p>
Waiver of SAC/WAC Fees	--	<p>Historically, these Met. Council assessed fees are passed along to the private development rather than being absorbed by the City.</p>
General Fund	--	<p>Historically, the General Fund has not been used to support private development projects.</p>

It would be helpful for staff to learn whether the City Council is generally supportive of providing financial assistance to this development and, if so, what funding sources should be considered.

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A35



781 NORTH 154th STREET, SUITE 100
LYNN, MINN. 55424

CONSULTANT

PRELIMINARY
NOT FOR CONSTRUCTION

PROCESSED
Date Description

DATE: 06/19/2014
PROJECT #: 14-0022
PHASE: SITE PLAN REVIEW
DRAWN BY: AC
CHECKED BY: DH

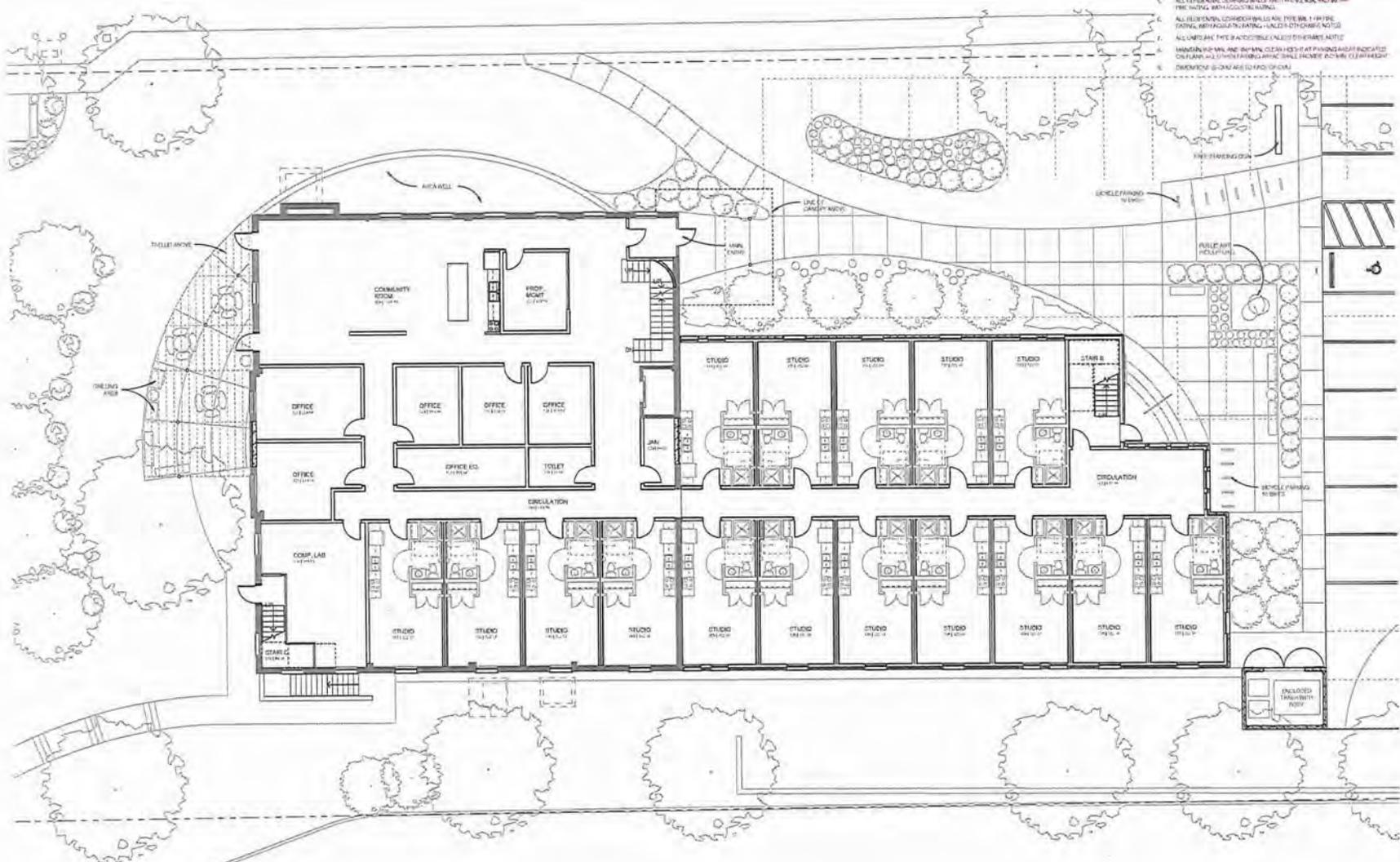
COLORED SITE PLAN

LA200

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1 SITE PLAN
1/2" = 1' = 0"



GENERAL NOTES:

1. GRAB BARS AT OUTSIDE WALLS ARE TO OUTSIDE FACE OF FINISHING.
2. GRAB BARS AT INTERIOR WALLS ARE TO CENTERLINE OF WALL.
3. FINISHING AT ALL CORNERS SHALL BE TO CENTERLINE OF WALLS.
4. DETAIL ALL PARTS TO UNDERLIES OR HIDE FINISHING UNLESS TOP OF JOIST FINISHING IS AVAILABLE.
5. ALL EXTERIOR CORNER WALLS AND THRESHOLDS AND ALL FIRE STOPPING DETAILS TO BE FINISHED TO THE FINISHING NOTES.
6. ALL EXTERIOR CORNER WALLS AND THRESHOLDS AND ALL FIRE STOPPING DETAILS TO BE FINISHED TO THE FINISHING NOTES.
7. ALL UNFINISHED AREAS TO BE ACCORDING TO FINISHING NOTES.
8. HANGING CABINETS AND BURNING CLOSETS TO BE FINISHED TO FINISHING NOTES. ALL OTHERS TO BE FINISHED TO FINISHING NOTES.
9. DIMENSIONS @ CORNER ARE TO CORNER POINT.

66 West Apartments
3330 66th St, West, Edina

A39



314 NORTH THIRD STREET, SUITE 100
MINNEAPOLIS, MN 55401
612.683.1500

CONSULTANT

PRELIMINARY
NOT FOR CONSTRUCTION

REVISIONS:
Date Description

DATE: 04/23/2014
PROJECT #: 14-0033
PHASE: SITE PLAN REVIEW
DRAWN BY: AC
CHECKED BY: SH

LEVEL 1 PLAN

A101

1 LEVEL 1 PLAN
A101 07/12/13



2 SOUTH ELEVATION
A301 1/2" = 1'-0"



1 WEST ELEVATION
A301 1/2" = 1'-0"

**66 West
Apartments**
3330 66th St, West, Eden

44
A



90 NORTH THIRD STREET SUITE 400
MINNEAPOLIS, MN 55401

612.497.1100

CONSULTANT

PRELIMINARY
NOT FOR CONSTRUCTION

REVISIONS
• Date • Description

DATE: 06.11.2019
PROJECT #: 144016
PHASE: SITE PLAN REVIEW
DRAWN BY: BN
CHECKED BY: DM

**BUILDING
ELEVATIONS**

A301

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2 NORTH ELEVATION
Scale: 1/8" = 1'-0"



1 EAST ELEVATION
Scale: 1/8" = 1'-0"

**66 West
Apartments**
3330 68th St. West, Edina

Handwritten initials: AHS



151 NORTH THIRD STREET, SUITE 140
MINNEAPOLIS, MN 55401
612.423.1000

CONSULTANT

PRELIMINARY
NOT FOR CONSTRUCTION

REVISIONS
Date Description

DATE: FEB 19, 2014
PROJECT #: 140056
PHASE: SITE PLAN REVIEW
DRAWN BY: DN
CHECKED BY: DH

BUILDING ELEVATIONS

A302

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66 West
Apartments
3330 66th St. West, Edina

AW
A



66 NORTH DUNDY STREET, 3RD FL, EDINA, MN 55425
612.622.1200

CONSULTANT

PRELIMINARY
NOT FOR
CONSTRUCTION

REVISIONS
Date Description

DATE: 06.29.2011
PROJECT #: 14-0215
PHASE: SITE PLAN REVIEW
DRAWN BY: SM
CHECKED BY: DM

BUILDING
PERSPECTIVE



1 BUILDING PERSPECTIVE FROM NORTH
A351 1/2" = 1'-0"

**MINUTES
OF THE WORK SESSION OF THE
EDINA CITY COUNCIL
HELD AT CITY HALL
APRIL 7, 2015
5:06 P.M.**

Mayor Hovland reconvened the City Council in open session at 5:06 p.m.

ROLL CALL

Answering roll call were: Members Brindle, Staunton, Stewart, Swenson and Mayor Hovland.

Edina City Staff attending the meeting: Jennifer Bennerotte; Communication and Technology Services Director; Ross Bintner, Environmental Engineer; Lindy Crawford, City Management Fellow; Karen Kurt, Assistant City Manager; Debra Mangen, City Clerk; Chad Millner, Engineering Director; Scott Neal, City Manager; Bill Neuendorf, Economic Development Manager; and Cary Teague, Community Development Director. Consultants Jay Lindgren, Dorsey & Whitney and Mark Ruff and Nick Anhut of Ehlers & Associates were also in attendance.

66 WEST APARTMENTS – CONSIDERATION OF PUBLIC FUNDING

Ann Mavy, Jim Casserly and Matt Crellin, representatives of the Beacon Interfaith Housing Collaborative the possibility of the City providing direct financial assistance for Beacon's proposed 66 West housing project. The Council, Beacon representatives, city consultants and staff discussed different funding scenarios, how the city would give assistance via its TIF Policy, the various funding partners of Beacon and timing of assistance. Council members generally expressed support and gave direction to staff to work with Beacon and the city's consulting team to develop financial assistance options.

JOINT MEETING WITH THE ENERGY & ENVIRONMENT COMMISSION

Energy & Environment Commissioners attending the meeting included: Bob Gubrud, John Howard, Keith Kostuch, Chair, Richard Manser, Lauren Satterlee, Melissa Seeley, Bill Sierks, Paul Thompson, Louann Waddick, and Sarah Zarin.

Commissioner Sierks and Chair Kostuch made a presentation demonstrating the Commission's concern the City's lack of progress in achieving its environmental protection and energy efficiency goals. They asked the Council for a reaffirmation of its support of the EEC's mission. The Council agreed. Member Kevin Staunton agreed to personally champion the EEC's goals with staff and in the community on behalf of the Council.

ADJOURNMENT

Mayor Hovland adjourned the meeting at 6:59 p.m.

Respectfully submitted,

Debra A. Mangen, City Clerk

Minutes approved by Edina City Council, April 21, 2015

James B. Hovland, Mayor