



**JOINT CITY COUNCIL, HOUSING AND REDEVELOPMENT AUTHORITY AND PLANNING  
COMMISSION WORK SESSION  
RICHFIELD MUNICIPAL CENTER, HEREDIA ROOM  
APRIL 15, 2024  
5:45 PM**

Call to order

1. Presentation to City Council and Housing and Redevelopment Authority (HRA) on the Local Affordable Housing Aid.
2. Presentation by Johnny Opara, JO Developers, of a proposed affordable housing development for 6501-25 Penn Avenue South.

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 612-861-9739.**



## **STAFF REPORT NO. 11**

### **WORK SESSION**

**4/15/2024**

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Executive Director  
4/9/2024

### **ITEM FOR WORK SESSION:**

**Presentation to City Council and Housing and Redevelopment Authority (HRA) on the Local Affordable Housing Aid.**

### **EXECUTIVE SUMMARY:**

In 2023, the Minnesota Legislature approved a 0.25% metro area sales tax, the proceeds of which are to be used for affordable housing. A portion of the proceeds will be provided directly to Metro area counties and cities with populations over 10,000 for affordable housing developments and programs. As the housing and redevelopment arm of the City, LAHA funds will be administered by the HRA.

At the work session, staff will review the Local Affordable Housing Aid (LAHA) guidelines, discuss potential local uses for the funds, and recommend a plan for moving forward.

### **DIRECTION NEEDED:**

**Listen to the presentation and provide feedback to staff.**

### **BACKGROUND INFORMATION:**

#### **A. HISTORICAL CONTEXT**

In 2023, the Legislature approved a 0.25% sales tax, a portion of which will be allocated to cities to use for affordable housing efforts.

#### **B. EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS**

- The Strategic Plan seeks to maintain the City's housing affordability. LAHA is a welcome source of funds to further this goal through the City's existing housing programs and potentially new programs.
- The LAHA guidelines require the funds be directed towards residents with low and moderate incomes. In addition, several of the City's housing programs (e.g., First-time Homebuyer Program) focus on serving residents who are Black, Indigenous and People of Color (BIPOC).

#### **C. POLICIES (resolutions, ordinances, regulations, statutes, exc):**

Staff will review the LAHA legislation at the work session and will also describe how the potential uses of the funds can meet City goals.

#### **D. CRITICAL TIMING ISSUES:**

- The City expects to be notified of its actual LAHA payment amount in September of 2024 and receive

its first payment in October. An estimated amount would be included in the 2025 Budget, the process for which begins in May.

- There are spending deadlines defined in Statute which staff will cover during the presentation.

**E. FINANCIAL IMPACT:**

- The City expects to receive an estimated \$453,000 in LAHA funding annually. The actual amount will be determined by consumer spending and will vary from year-to-year.
- LAHA funds cannot be used to cover administrative costs. The costs to set up and/or administer new programs would have to come from other sources.

**F. LEGAL CONSIDERATION:**

The legal parameters for spending LAHA funds will be discussed at the work session.

**ALTERNATIVE(S):**

N/A

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A



**STAFF REPORT NO. 12**  
**WORK SESSION**  
**4/15/2024**

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Executive Director  
4/9/2024

**ITEM FOR WORK SESSION:**

**Presentation by Johnny Opara, JO Developers, of a proposed affordable housing development for 6501-25 Penn Avenue South.**

**EXECUTIVE SUMMARY:**

Johnny Opara with JO Developers (Developer) is interested in developing approximately 40 units of affordable housing units on Housing and Redevelopment Authority (HRA) owned property located at 6501 Penn Avenue South and the tax forfeited property located at 6525 Penn Avenue South.

The Developer will attend the work session to present his concept for the site and seek feedback from City Council, HRA and Planning Commission members.

Following the work session, if the Developer decides to move forward, the next steps and estimated timeline would be as follows:

- Developer submits a request for HRA financial assistance (April).
- HRA's financial consultant reviews the request (April/May).
- The HRA considers entering into a Preliminary Development Agreement with the Developer, agreeing not to enter into discussions with other developers regarding the HRA-owned property (June).
- The HRA considers a preliminary request for financial assistance (June).

The Developer would request land use entitlements in 2025 if the project receives funding approvals (decision anticipated in December of 2024).

**DIRECTION NEEDED:**

- **Listen to the presentation, ask questions, and provide feedback.**

**BACKGROUND INFORMATION:**

**A. HISTORICAL CONTEXT**

- The HRA purchased the property at 6501 Penn Avenue South in 2018.
- A development was proposed for 6501 Penn Avenue South and 6504 Oliver Avenue South in 2020 but did not receive financing.
- The adjacent property at 6525 Penn Avenue South has been tax forfeited. Consideration of purchasing this property is on the HRA regular meeting agenda for April 15.

- Another developer has also looked at the site in recent weeks, proposing a mixed-income development (50% Area Median Income (AMI)/80% AMI/market rate units). Staff is bringing forward Mr. Opara's proposal because it provides the opportunity to create more deeply affordable units (30% AMI) in the Penn Corridor where two recent market-rate developments have been recently built.

**B. EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS**

- The proposed affordable housing development provides an opportunity for the development of accessible housing units and housing units affordable to households earning 30% of the AMI.
- The proposed affordable housing development would help to meet the Strategic Plan goal to maintain Richfield as an affordable place to live.

**C. POLICIES (resolutions, ordinances, regulations, statutes, exc):**

- The property is guided for Mixed Use and zoned Mixed-Use Community.
- The City's Inclusionary Housing Policy requires at least 20% of the units developed on HRA-owned property be affordable at 60% of the AMI. The proposed development would provide a greater number of affordable units at greater levels of affordability.

**D. CRITICAL TIMING ISSUES:**

- The Developer would apply for Low Income Housing Tax Credits (LIHTC) to finance the development. The deadline for that application is mid-July, and the Developer is seeking timely feedback in order to submit an application in 2024. Funding decisions would likely occur in December.
- It is rare that a development receives a LIHTC award the first year, so moving forward with this development could take several years.

**E. FINANCIAL IMPACT:**

- The Developer anticipates requesting financial assistance from the HRA. Assistance could come in the form of Tax Increment Financing (TIF), a grant or loan from the Affordable Housing Trust Fund, and/or a land write-down.
- It has proven challenging for housing developments in Richfield to score well enough to be awarded financing through LIHTC; however, the Developer believes he can create a development that will score well enough to be funded.

**F. LEGAL CONSIDERATION:**

None, at this time.

**ALTERNATIVE(S):**

N/A

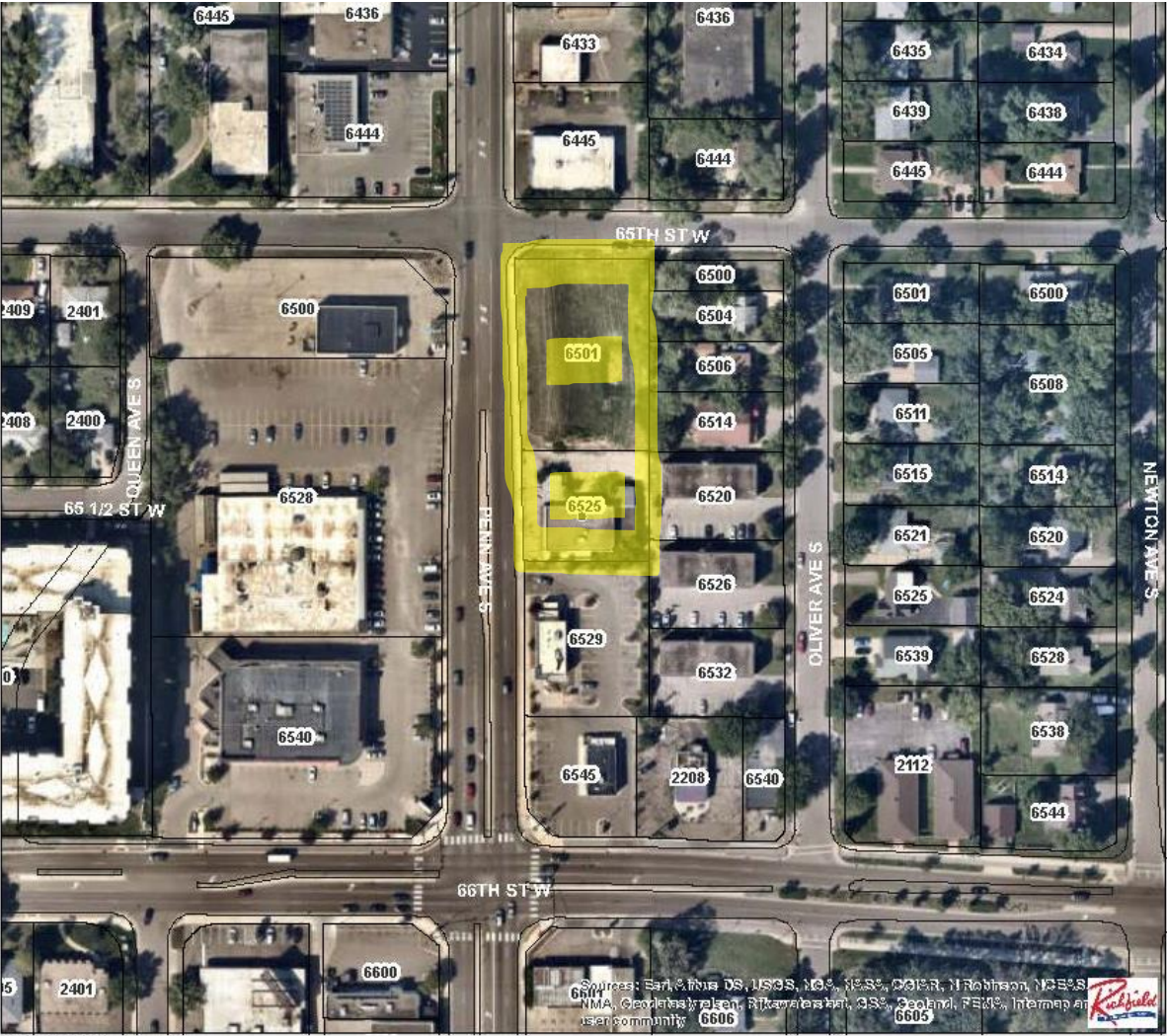
**PRINCIPAL PARTIES EXPECTED AT MEETING:**

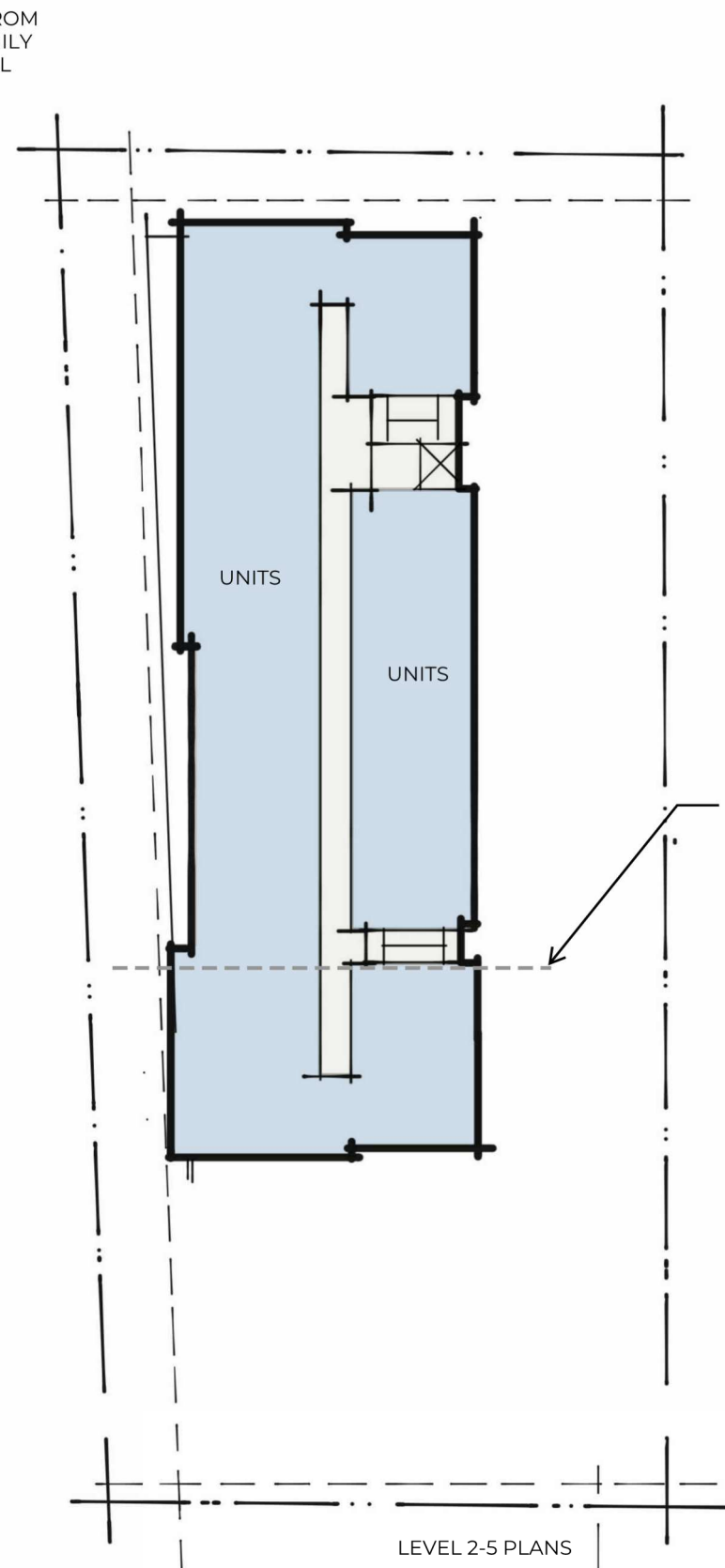
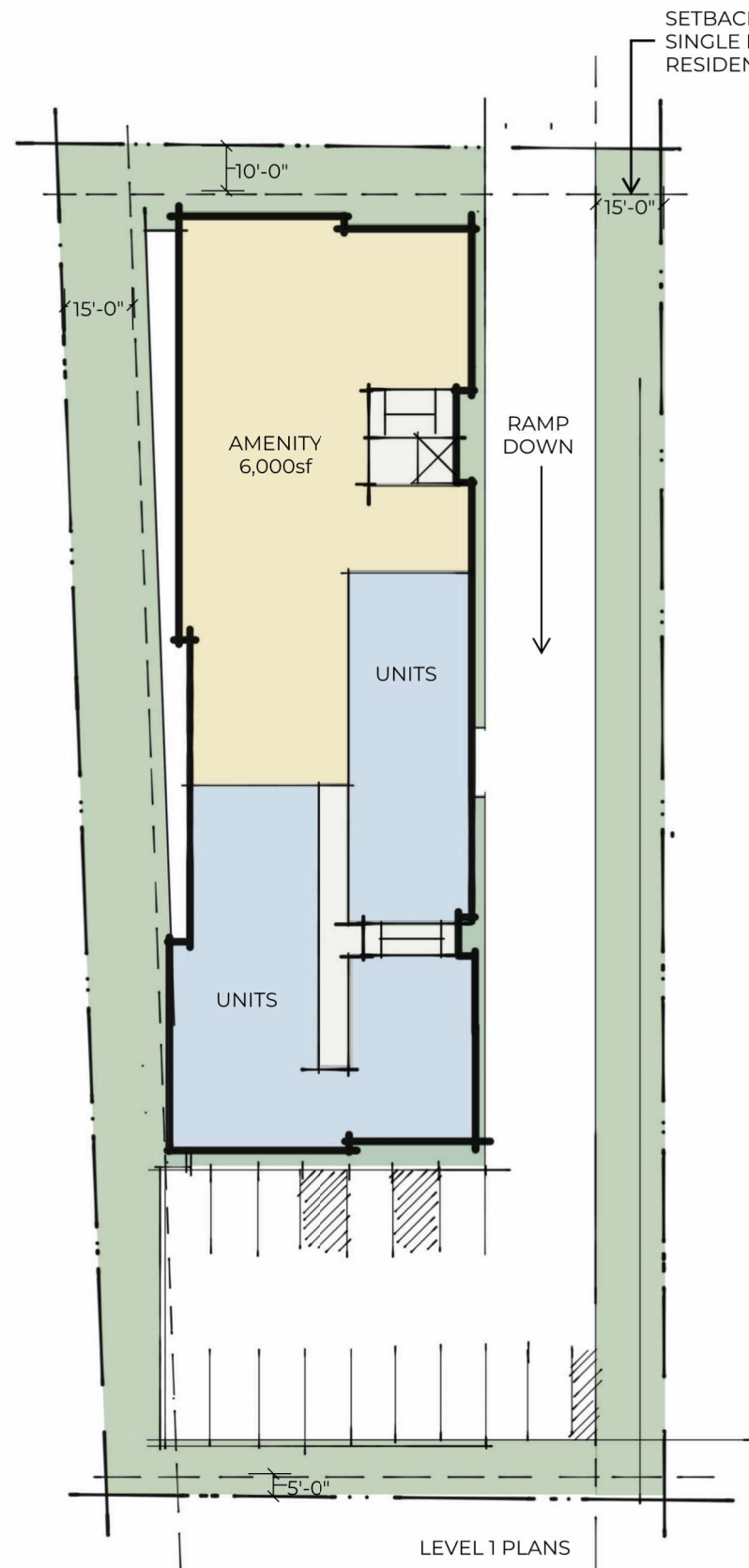
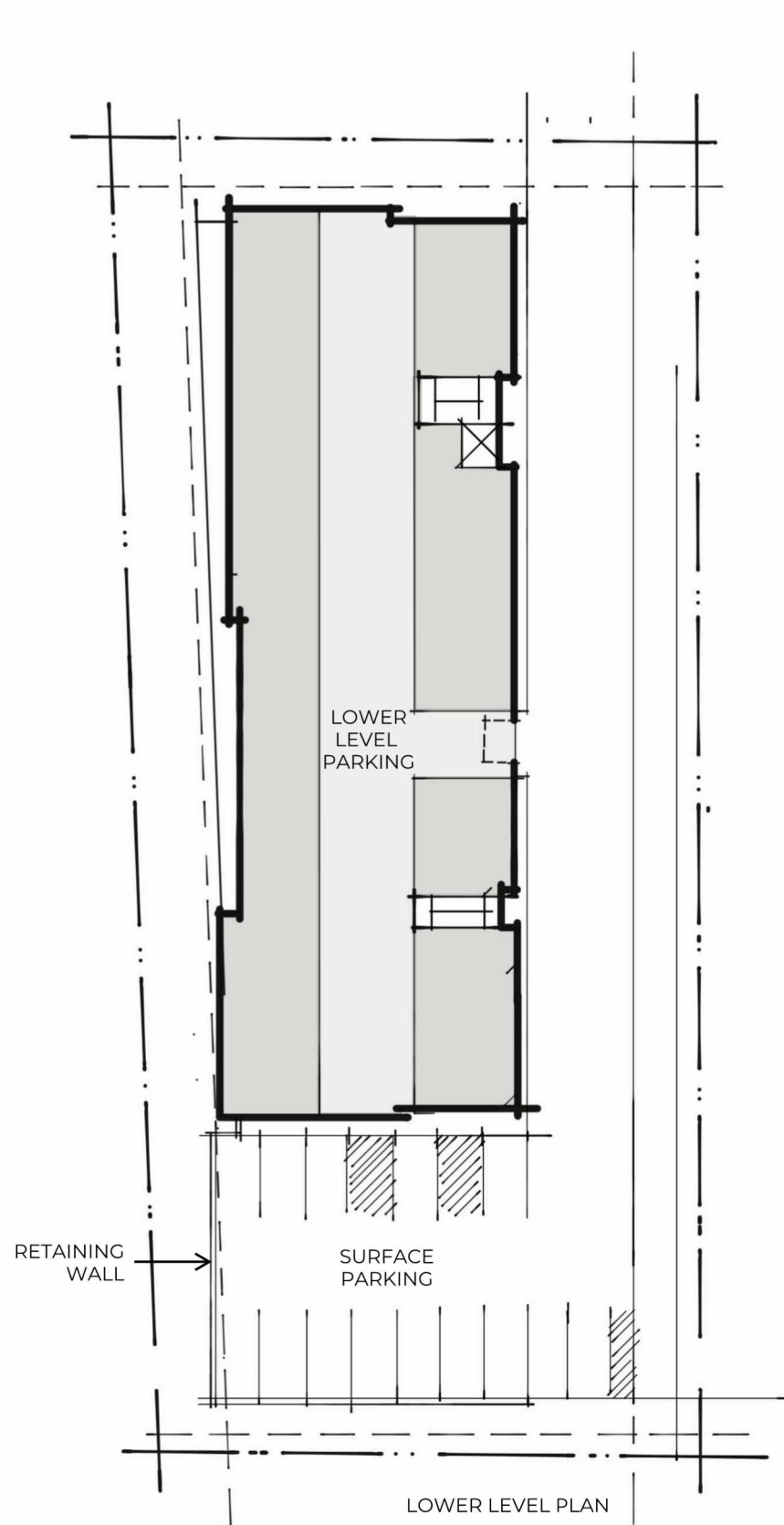
Johnny Opara, JO Companies

**ATTACHMENTS:**

	Description	Type
☐	Aerial	Exhibit
☐	Fit plan	Exhibit

# 6501 and 6525 Penn Avenue South





**RESIDENTIAL UNITS**

TYPE	SIZE	COUNT	PERCENTAGE
STUDIO	650	8	19%
1 BED	-	-	-
2 BED	1,100	22	52%
3 BED	1,250	8	19%
4 BED	1,420	4	10%
TOTAL		42	100%

**PARKING**

UNDERGROUND PARKING ESTIMATE\* = 34 STALLS

(\*BASED ON 13,000sf FOOTPRINT AT 375sf/STALL)

SURFACE PARKING = 14+ STALLS

TOTAL = 48 STALLS

PARKING REQUIREMENT =

47 STALLS (42 UNITS \* 1.25/UNIT) - (10% DEDUCTION)

BUILDING  
STEP-BACK  
AT LEVEL 5