



**JOINT CITY COUNCIL, HRA AND PLANNING COMMISSION WORK SESSION
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM
OCTOBER 18, 2021
6:15 PM**

Call to order

1. Proposal by MWF Properties to develop 55 units of work force housing on the City Garage South property, 7700 Pillsbury 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 612-861-9738.

**STAFF REPORT NO. 33****WORK SESSION****10/18/2021**

REPORT PREPARED BY: Julie Urban, Housing & Redevelopment Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Executive Director
10/12/2021

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
10/13/2021

ITEM FOR WORK SESSION:

Proposal by MWF Properties to develop 55 units of work force housing on the City Garage South property, 7700 Pillsbury Avenue South.

EXECUTIVE SUMMARY:

In 2019, the Housing and Redevelopment Authority (HRA) approved a Contract for Private Development (Contract) with MWF Properties to develop 55 units of work force, or tax credit housing on the HRA-owned property at 7700 Pillsbury Avenue South. The project applied for nine percent tax credits but was not awarded funding.

MWF Properties has continued to consider the site for a housing development. Under the current Qualified Allocation Plan (QAP), the site is no longer competitive for nine percent tax credits; however, MWF Properties would like to pursue state bonds and four percent tax credits to finance the project.

To make up the difference in the reduced equity offered through four percent credits, MWF Properties would be seeking Tax Increment Financing (TIF) and a reduced land price for the project. The development would provide 55 units of housing affordable at 60 percent of the Area Median Income (AMI), offer a mix of unit sizes, including 15 three bedroom units, and include two units for people with disabilities, affordable at 30 percent of the AMI.

The property is currently zoned for medium density housing, and the proposed density would require an amendment to the City's Comprehensive Plan.

Ryan Schwickert from MWF Properties will attend the work session to present more details on the project and answer any questions.

DIRECTION NEEDED:

MWF Properties is seeking feedback on whether policymakers continue to support the project, would be in support of the proposed density, would be willing to consider TIF and a land write-down, and have any feedback on the proposed site plan.

BACKGROUND INFORMATION:

A. HISTORICAL CONTEXT

- In 2019, the HRA approved a Contract with MWF Properties to develop 55 units of work force housing on the HRA-owned property at 7700 Pillsbury Avenue South.
- The project was not awarded nine percent tax credits, and the Contract expired.

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

- The proposed project would exceed the requirements of the Inclusionary Housing Policy, which requires that 20 percent of all projects assisted with public financing be affordable at 60 percent of the AMI.
- The project provides two units affordable at 30 percent of the AMI for people with disabilities, which meets two goals of the city to increase accessible housing options and to offer more deeply affordable units.

C. CRITICAL TIMING ISSUES:

- The application for four percent tax credits is due in January of 2022. A Council resolution in support of bonds for the project would be required for the application and would likely be brought forward to the Council in December.
- The HRA would be asked to approve a Preliminary Contract for Private Development in November or December.

D. FINANCIAL IMPACT:

The project would seek TIF and a reduced land price from the HRA.

E. LEGAL CONSIDERATION:

A Housing TIF District would need to be established to provide tax increment to the project. The property is currently within a Redevelopment TIF District; however, the project would not meet the requirement to begin construction within five years of the District's establishment.

ALTERNATIVE(S):

Policymakers could delay providing any feedback to MWF Properties.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Ryan Schwickert, MWF Properties

ATTACHMENTS:

Description	Type
□ Power Point Presentation	Presentation

City of Richfield Workforce Housing Proposal



October 16, 2021



Outline

- Development Team
 - Developer - MWF Properties
 - Builder - Eagle Building Company
 - Management Company - Velair Property Management
- Development Summary
 - Location
 - Job demographics example
 - Project features
 - Site Plan
 - Rendering
 - Benefits to the Community
 - City Participation
- Q&A

Development Team

DEVELOPER



EAGLE
BUILDING
COMPANY

Builder



Property Manager





- Established in 1999
- 2,153 units developed. 81 under construction. 390 units broke/breaking ground in 2021.
- Long term owners – Have never sold a property.
- Company philosophy:
 - Build and maintain relationships
 - Maintain positive reputation
 - Curb appeal
 - Strong management
 - Community Relations
- Headquarters in Richfield

Repeat business

- Rochester – 13 properties
- Forest Lake – 2 properties
- Vadnais Heights – 2 properties*
- Shakopee – 2 properties*
- Waconia – 2 properties*

*Approved but not completed

EAGLE BUILDING COMPANY

- Built 26 of MWF's properties (all since 2012)
- Headquarters in Richfield
- "It's always nice to work with professionals. My hats off to [Eagle Building]."
 - Building official, City of Eagan



Recent Projects

1st Avenue Flats

Rochester, MN
Opened April 2017



Red Rock Square

Newport, MN
Opened August 2017

*Visit www.mwfproperties.com for further details.

Recent Projects



108 Place
Bloomington, MN
Opened May 2020



Vista Ridge
Waconia, MN
Opened Fall 2020

Recent Projects



Lexington Flats
Eagan, MN
Opening Fall 2021



Amundson Flats
Eagan, MN
Opening Summer 2021



Boulevard
Mounds View, MN
Opened Fall 2019



Thomas Avenue Flats
Saint Paul, MN
Opened Spring 2019

Interior Photos



Interior Photos



Interior Photos



Interior Photos





- Manages all of MWF's properties.
- Corporate leadership – 90 years of combined experience
- Heavy focus on:
 - Curb appeal
 - Applicant screening
 - Community Relations
 - Responsiveness
- Headquarters in Richfield

Community Relations



Richfield

Development Summary

- Four stories over underground parking
- Mix of 1, 2, and 3 bedroom units.
- Income limits at 60% of Area Median Income
 - Income (\$62,940 for family of four)
- Two 30% rental units set aside for residents with disabilities.
- Universal Design.
- On site manager, caretaker, maintenance.

LIHTC Income Limits for 2021
(Based on 2021 MTSP Income Limits)

	Charts	60.00%	30.00%
1 Person	▲	44,100	22,050
2 Person	▲	50,400	25,200
3 Person	▲	56,700	28,350
4 Person	▲	62,940	31,470
5 Person	▲	67,980	33,990
6 Person	▲	73,020	36,510
7 Person	▲	78,060	39,030
8 Person	▲	83,100	41,550
9 Person	▲	88,140	44,070
10 Person	▲	93,180	46,590
11 Person	▲	98,160	49,080
12 Person	▲	103,200	51,600

LIHTC Rent Limits for 2021
(Based on 2021 MTSP/VI Income Limits)

Bedrooms (People)	Charts	60.00%	30.00%
Efficiency (1.0)	▲	1,102	551
1 Bedroom (1.5)	▲	1,181	590
2 Bedrooms (3.0)	▲	1,417	708
3 Bedrooms (4.5)	▲	1,636	818
4 Bedrooms (6.0)	▲	1,825	912
5 Bedrooms (7.5)	▲	2,014	1,007

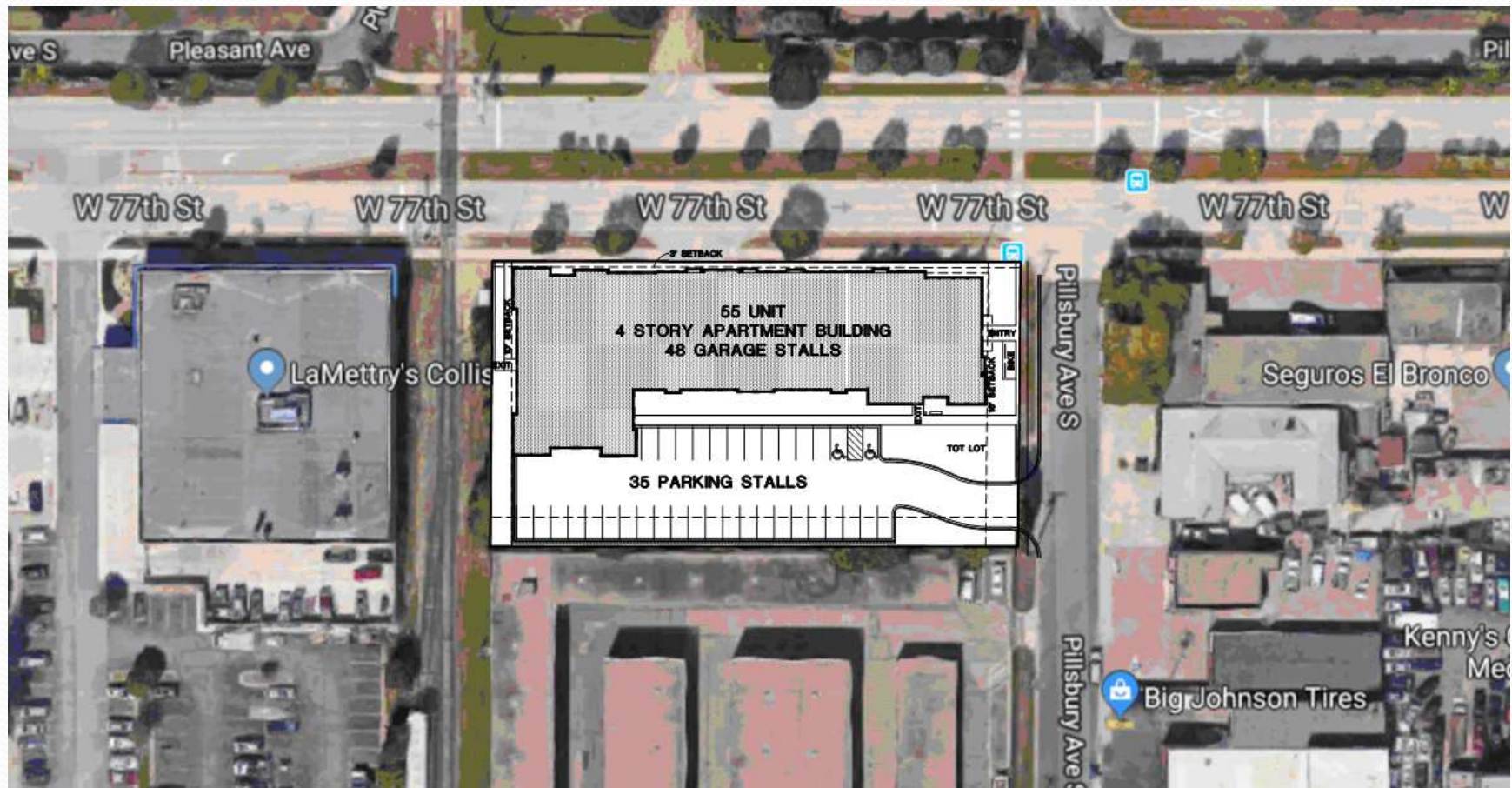
Resident Occupations (example)

<u>Occupations - Interlaken Place - 10/2018</u>		
Realtor		
Delivery Driver		Bank Teller
Documentation Specialist		Retired
Retired		Property Manager
Nursing Home Aide		Teacher Assistant
LTS Teacher & Retail Assistant		DJ
County Worker		Machinist
Store Clerk		Sales
US Postal Worker		Registered Nurse
Teacher		Retired
Splicer		Store Clerk
Spa Specialist		Entertainer
House Cleaner		Property Caretaker
PCA		Retired
Southdale Pediatric Associates		Retired
Hair Stylist		Waitress
Store Clerk		Massage Therapist
Commoscope Sales		Business Development Manager
Service Representative		Equipment Technician
Horse Show Groomer and Stable Management		
Driver		

Location



Preliminary Site Plan



Project Features

- On site management
- Community Room
- Fitness Center
- Secure Access (fob system)
- 24 hour surveillance
- Secure package room
- Bike Friendly – Hanging Bike Racks, Fix it
- Underground Parking – Included in rent
- Green Features: LED lighting, low flow fixtures, recy receptacles throughout building.
- In unit laundry



Similar project rendering



Location Benefits

- High Demand:
 - Help replace 698 NOAH units lost in 2017.
- Access to transit – Local bus line is only 10 feet from property.
- Adjacent to multiple roadways and freeways.
- Within walking distance of many “workforce” employers.
- Within walking distance of a multiple public parks.
- Two blocks from management headquarters



Benefits to the Community

- 2 units set aside to 30% AMI for persons with disabilities
- 5% of the units will be Type-A with roll-in shower
- 15 of the units will be 3-bedrooms to help accommodate large families
- All units capped at 60% AMI to allow affordable rents to working class families
 - 30-year Affordability Period

Project Financing

- Utilize Section 42 tax credits to help fill gap created by lower rents.
- Project in 2019 = 9% tax credits. 2021 project will be looking for 4% tax credits.
- January submission to the State for Bonds to pair with tax credits
- Developer Contribution of \$800,000
- Important Factors to make this feasible:
 - Local Participation through TIF and land write down

City Participation Request

- **MWF is requesting a Land Write Down and Tax Increment Financing**
- Necessary to help fill funding gap due to increased construction prices
- Necessary to make proposal feasible while maintaining much needed affordable housing units
- Recent examples of local financial support for tax credit housing projects:
 - Shakopee: \$296K in fee waivers
 - Bloomington: \$527K in land write down
 - Mounds View: \$570K in TIF & Land write down
 - Rochester: \$600K in TIF



Preliminary Development Schedule

- December 2021 - Execute development agreement.
- January 2022 – Apply for bond financing
- February 2022 – Begin closing process and develop full drawings.
- May 2022 – Close on financing. Construction commences.
- May 2023 – Construction Completion. Leasing Period begins.
- September 2023 - Lease-up complete.



THANK YOU

Questions?