



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
SEPTEMBER 19, 2022
7:00 PM**

Call to Order

Open Forum

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 HRA. Please refer to the HRA agenda and minutes web page for additional ways to submit comments. You may also call 612-861-9764 or email ldubois@richfieldmn.gov with questions. Call into the open forum by dialing 1-415-655-0001 Use webinar access code: 2458 864 8733 and password: 1234.

Approval of the minutes of the Regular Housing and Redevelopment Authority meeting of August 15, 2022.

PRESENTATIONS

1. Consideration of acceptance of the Management Review & Analysis of Tax Increment Financing Districts Report.
Staff Report No. 28

AGENDA APPROVAL

2. Approval of the Agenda
3. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**

- A. Consider an adjustment to the payment standard for the Section 8 Housing Choice Voucher Program.
Staff Report No. 29

4. Consideration of items, if any, removed from Consent Calendar

HRA DISCUSSION ITEMS

5. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

6. Executive Director's Report

CLAIMS

7. Claims

8. 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.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

August 15, 2022

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m. in the Council Chambers.

HRA Members Present: Mary Supple, Chair; Erin Vrieze Daniels, Vice Chair; and Gordon Hanson

HRA Members Absent: Maria Regan Gonzalez and Lee Ohnesorge

Staff Present: Melissa Poehlman, Executive Director/Community Development Director; Myrt Link, Community Development Accountant; Kumud Verma, Finance Manager; and Kari Sinning, City Clerk

Others Present: None

OPEN FORUM

Chair Supple provided instructions to call in for the open forum and asked if there was anyone in attendance.

Ruane Onesirosan, 2421 W 65th St, read a letter that she sent to the candidates for the Council Member At Large regarding the ownership of land to businesses or corporations.

APPROVAL OF THE MINUTES

M/Vrieze Daniels, S/Hanson to approve the minutes of the: 1) Joint City Council, Housing and Redevelopment Authority, and Planning Commission Work Session of May 10, 2022; 2) the Regular Housing and Redevelopment Authority Meeting of June 21, 2022; and 3) the Special Housing and Redevelopment Authority Meeting of July 12, 2022.

Motion carried: 3-0

ITEM #1

APPROVAL OF THE AGENDA

M/Vrieze Daniels, S/Hanson to approve the agenda.

Chair Supple noted that there will be a presentation regarding the budget during the item.

Motion carried: 3-0

ITEM #2	CONSENT CALENDAR
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Executive Director Poehlman presented the Consent Calendar:

- A. Consideration of a resolution authorizing the use of Hennepin County Affordable Housing Initiative Funds in Richfield by the West Hennepin Affordable Housing Land Trust. (Staff Report No. 25)

HRA RESOLUTION NO. 1438

**RESOLUTION APPROVING THE PARTICIPATION OF THE
HENNEPIN COUNTY HOUSING AND REDEVELOPMENT
AUTHORITY IN AN AFFORDABLE HOUSING PROJECT**

M/Vrieze Daniels, S/Hanson to approve the Consent Calendar.

Motion Carried 3-0

ITEM #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None.

ITEM #4	CONSIDER A RESOLUTION TO ACQUIRE REDEVELOPMENT PROPERTY AT 1710 - 78TH STREET EAST FROM THE CITY OF RICHFIELD. (STAFF REPORT NO. 26)
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Director Poehlman presented Staff Report No. 26.

Commissioner Vrieze Daniels asked about the property that is owned by the Mathwig family. Director Poehlman stated that the family asked that the City take the lead on promoting the development of the properties together.

M/Vrieze Daniels, S/Hanson to approve a resolution authorizing the acquisition of certain property within the City of Richfield.

HRA RESOLUTION NO. 1439

**RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN
PROPERTY WITHIN THE CITY OF RICHFIELD**

Motion Carried: 3-0

ITEM #5	CONSIDER RESOLUTIONS APPROVING PROPOSED 2023 PROPOSED HOUSING AND REDEVELOPMENT AUTHORITY BUDGET AND TAX LEVY AND 2022 REVISED HOUSING AND REDEVELOPMENT AUTHORITY BUDGET (STAFF REPORT NO. 27)
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Director Poehlman presented a brief presentation that outlined the HRA staff, revised 2022 and the 2023 proposed budget, the HRA Levy, the highlights from 2022, and the 2023 initiatives and goals.

Chair Supple thanked staff for the budget report, particularly Finance Manager Verma and Community Development Accountant Link.

Commissioner Vrieze Daniels agreed that investing in staff is important and asked about the timeline if the approval of the levy could wait until after the TIF management plan is created. Director Poehlman stated that the levy has to be adopted by the HRA by September 30th and this is a preliminary budget and it would be brought back to the Authority for final consideration at the end of the year. Commissioner Vrieze Daniels wondered if the small increases of the budget over time would offset the TIF districts ending. Director Poehlman stated that the small increases would be ideal and that if they were to have no increase that we would have to cut funding for staff development since it is funded by the general fund.

Commissioner Hanson asked about the typical impact on the tax payer. Director Poehlman stated that they would have to look it up but stated that it was relatively small increase. Commissioner Hanson also asked about hiring professionals in community development. Director Poehlman stated that there have been significant challenges on hiring due to the applicant pools being much smaller.

Chair Supple asked if the Housing Trust Fund would also be approved at the City Council on September 13th and Director Poehlman stated that it would be. Chair Supple also commented on the hiring of the Economic Development Manager position and gave kudos for the long-term planning for the budget and new software for increased efficiency in the department.

Commissioner Vrieze Daniels made a motion to table the resolutions until we get more information. Commissioner Hanson asked if tabling would cause a delay in the process and Chair Supple asked if the City Council would vote on portions of the HRA budget. Director Poehlman stated that the City Council would only be voting on the affordable housing trust and that these resolutions only set the max for the tax levy and it could be reduced. Commissioner Vrieze Daniels withdrew her motion.

M/Hanson, S/Supple to adopt the attached resolutions approving the 2023 Proposed Housing and Redevelopment Authority Budget and Tax Levy and 2022 Revised Housing and Redevelopment Authority Budget.

HRA RESOLUTION NO. 1440

**RESOLUTION APPROVING PROPOSED 2023 HOUSING AND
REDEVELOPMENT AUTHORITY BUDGET AND CERTIFYING
THE 2023 TAX LEVY**

HRA RESOLUTION NO. 1441

**RESOLUTION AUTHORIZING REVISION OF THE 2022 BUDGET
OF THE HOUSING AND REDEVELOPMENT AUTHORITY OF
RICHFIELD**

Chair Supple stated that it is important to note that it can be reduced.

Commissioner Hanson stated that the option to reduce made him feel more comfortable about approving the proposed levy and requested that in the future the impacts on the typical house in Richfield to be provided.

Chair Supple commended the staff on not proposing the max levy. Commissioner Hanson echoed.

Motion Carried: 3-0

ITEM #6	HRA DISCUSSION ITEMS
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Commissioner Vrieze Daniels expressed excitement for the demolition of 6501 Penn finally starting.

Chair Supple asked if 6501 Penn would be demolished before Penn Fest. Director Poehlman stated that it is the goal to get the building down and fenced off for Penn Fest and shared the reasoning for the delay of demolition was to help protect the groundwater.

ITEM #7	EXECUTIVE DIRECTOR REPORT
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Director Poehlman did not have a report.

ITEM #8	CLAIMS
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M/Vrieze Daniels, S/Hanson that the following claims be approved:

<u>U.S. BANK</u>	<u>7/18/2022</u>
Section 8 Checks: 133962 – 134040	\$184,675.24
HRA Checks: 34215 – 34226	<u>\$30,140.03</u>
TOTAL	\$214,815.27

<u>U.S. BANK</u>	<u>8/15/2022</u>
Section 8 Checks: 134041 – 134123	\$192,551.12
HRA Checks: 34227 – 34242	<u>\$117,321.20</u>
TOTAL	\$309,872.32

Motion carried: 3-0

Item #9	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:51 p.m.

Date Approved: September 19, 2022

Mary B. Supple
HRA Chair

Kari Sinning
City Clerk

Melissa Poehlman
Executive Director



STAFF REPORT NO. 28
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
9/19/2022

REPORT PREPARED BY: Myrt Link, Community Development Accountant

OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
9/14/2022

ITEM FOR COUNCIL CONSIDERATION:

Consideration of acceptance of the Management Review & Analysis of Tax Increment Financing Districts Report.

EXECUTIVE SUMMARY:

Typically, an annual Tax Increment Financing (TIF) District Status Update is presented to the Housing and Redevelopment Authority (HRA) Board each year. This year, the HRA approved the preparation of a more-robust Management Review & Analysis Report (Management Report). The Management Report provides a review of TIF as a development tool, tax base impacts after decertification, outstanding obligations, pooling, and more. It also looks at all 13 active TIF Districts to assess opportunities, challenges, and any compliance issues with those Districts.

Senior Municipal Advisory Rebecca Kurtz from Ehlers will walk the Board through the highlights of the Management Report.

RECOMMENDED ACTION:

By motion: Accept the Management Review & Analysis of Tax Increment Financing Districts Report.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- N/A

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

- N/A

C. CRITICAL TIMING ISSUES:

- None

D. FINANCIAL IMPACT:

- All of the TIF Districts have positive Fund Balances and are able to meet their outstanding obligations.

E. LEGAL CONSIDERATION:

- N/A

ALTERNATIVE RECOMMENDATION(S):

- None

PRINCIPAL PARTIES EXPECTED AT MEETING:

Rebecca Kurtz, Ehlers, Inc.



Richfield Housing and Redevelopment Authority

TIF Management Plan

September 19, 2022

Overview

- Purpose of TIF Management Plan
 - ✓ Assess opportunities and challenges
 - ✓ Compliance requirements
 - ✓ Executive Summary for Board
 - Decision makers
 - ✓ Details by District for City and HRA staff
 - TIF Administration

Findings

- Districts are on track
 - ✓ No TIF plan modifications recommended
 - ✓ No compliance issues
- Pooling opportunities available
 - ✓ 10% to Housing Trust Fund
 - ✓ Temporary Spending Authority
 - ✓ Regular 25% pooling

District Summary of TIF Districts

District	Lyndale Gateway / Interchange West	Urban Village	City Bella	Lyndale Gateway West (Kensington Park)	Cedar Avenue (Rya)	2010-1 Woodlake Housing	Lyndale Gardens
TIF Authority	Richfield HRA	Richfield HRA	Richfield HRA	Richfield HRA	Richfield HRA	Richfield HRA	Richfield HRA
District Type	Redevelopment	Redevelopment	Redevelopment	Redevelopment	Redevelopment	Housing	Redevelopment
First Increment	2000	2000	2005	2004	2008	2014	2014
Anticipated Last Increment	December 2025	December 2025	December 2030	December 2029	December 2043	December 2039	December 2039
2022 Estimated TIF Revenues	\$2,235,351	\$1,003,211	\$662,316	\$311,115	\$80,360	\$267,647	\$526,911

District	2014-1 RM Senior Living Richfield (Havenwood)	2017-1 Chamberlain	2018-1 Cedar Pointe Townhomes - RF 64	2020-2 Emi (101 66th St E)	2020-3 Lynk65 (Lynvue)	2020-1 Henley II (Riley)
TIF Authority	Richfield HRA	Richfield HRA	Richfield HRA	Richfield HRA	Richfield HRA	Richfield HRA
District Type	Redevelopment	Housing	Housing	Redevelopment	Redevelopment	Housing
First Increment	2018	2020	2021	2023	2023	2022
Anticipated Last Increment	December 2043	December 2045	December 2046	December 2038	December 2042	December 2047
2022 Estimated TIF Revenues	\$191,374	\$929,719	\$54,625	\$0	\$0	\$2,290

TIF As A Development Tool

Existing Districts	Base Year	Original Market Value	Inflated Original Market Value	Payable 2022 Market Value	Percent Increase in Value
Lyndale Gateway / Interchange West	1999	22,455,395	39,916,158	159,863,000	534.16%
Urban Village	1999	9,107,100	16,195,769	70,905,000	600.73%
City Bella	2003	4,845,500	7,802,203	60,186,000	1081.08%
Lyndale Gateway West (Kensington Park)	2003	2,948,600	4,747,823	28,642,000	810.36%
Cedar Avenue (Rya)	2007	37,350,700	53,371,319	45,179,000	-21.93%
2010-1 Woodlake Housing	2012	1,330,000	1,716,278	20,086,000	1381.18%
Lyndale Gardens	2013	3,313,000	4,213,492	38,673,000	1040.13%
2014-1 RM Senior Living Richfield (Havenwood)	2016	1,320,000	1,629,470	13,125,000	870.87%
2017-1 Chamberlain	2018	2,572,000	3,034,650	59,326,000	2188.62%
2018-1 Cedar Pointe Townhomes - RF 64	2019	2,578,000	2,987,595	6,980,400	154.88%
2020-2 Emi (101 66th St E)	2021	466,000	509,520	466,000	-9.34%
2020-3 Lynk65 (Lynvue)	2021	3,145,000	3,438,713	3,169,000	-8.58%
2020-1 Henley II (Riley)	2021	2,799,000	3,060,400	2,919,000	-5.05%
TOTAL		94,230,295	142,623,390	509,519,400	389.36%

Inflation calculator used: <http://www.usinflationcalculator.com/>

Highlights

- Overall development has increased market values nearly **400%**
- Redevelopment Districts have increased more than **500%**

Projected Captured Net Tax Capacity

Captured TIF Tax Capacity	Actual			Final 2022	Projected				
	2019	2020	2021		2023	2024	2025	2026	2027
Current Districts									
Lyndale Gateway / Interchange West	1,812,120	1,734,907	1,786,140	1,709,696	1,743,890	1,778,768	1,814,343	0	0
Urban Village	615,024	696,036	789,689	773,549	789,020	804,800	820,896	0	0
City Bella	525,965	538,080	545,599	564,830	576,127	587,649	599,402	611,390	623,618
Lyndale Gateway West (Kensington Park)	235,444	247,648	264,354	265,322	270,628	276,041	281,562	287,193	292,937
Cedar Avenue (Rya)	35,264	102,766	93,353	124,501	126,991	129,531	132,121	134,764	137,459
2010-1 Woodlake Housing	179,313	178,163	194,025	206,375	210,503	214,713	219,007	223,387	227,855
Lyndale Gardens	59,168	59,379	169,896	406,287	414,413	422,701	431,155	439,778	448,574
2014-1 RM Senior Living Richfield (Havenwood)	5,500	135,438	147,563	147,563	150,514	153,525	156,595	159,727	162,921
2017-1 Chamberlain	0	71,224	538,511	709,425	723,614	738,086	752,847	767,904	783,263
2018-1 Cedar Pointe Townhomes - RF 64	0	0	0	41,682	42,516	43,366	44,233	45,118	46,020
2020-2 Emi (101 66th St E)	0	0	0	0	106,634	108,767	110,942	113,161	115,424
2020-3 Lynk65 (Lynvue)	0	0	0	0	220,335	224,742	229,237	233,821	238,498
2020-1 Henley II (Riley)	0	0	0	1,766	1,801	1,837	1,874	1,912	1,950
Total Captured *	3,467,798	3,763,641	4,529,130	4,950,996	5,376,985	5,484,525	5,594,215	3,018,155	3,078,518
Total Tax Capacity (Gross) *	41,480,664	44,478,625	46,784,039	49,305,144	50,291,247	51,297,072	52,323,013	53,369,474	54,436,863
Percentage of Tax Base in TIF	8.4%	8.5%	9.7%	10.0%	10.7%	10.7%	10.7%	5.7%	5.7%

* - Assumes 2% annual increase in tax base and TIF

Highlights

- Lyndale Gateway / Interchange West and Urban Village both decertify end of 2025

Comparable Communities

Comparable Cities	Captured TIF as a % of Tax Base	City Tax Rate	Bond Rating
Wayzata	13.30%	21.381%	AAA
St. Louis Park	11.90%	44.681%	Aaa
Richfield	10.0%	53.681%	AA+
Hopkins	9.5%	65.426%	AA+
New Brighton	9.2%	37.063%	AA+
Bloomington	3.1%	40.730%	AAA
West St. Paul	2.6%	70.684%	Aa2
Brooklyn Center	2.3%	55.864%	AA
Edina	1.1%	28.936%	AAA

Highlights

- Richfield is comparable with similar and surrounding communities
- Captured net tax capacity doesn't appear to correlate with tax rate or bond rating

Impact of Decertified TIF Districts

TIF District	Decertifies	Projected								
		2023	2024	2025	2026	2027	2028	2029	2030	2031
Lyndale Gateway / Interchange West	12/31/2025				1,814,343 ⁽²⁾					
Urban Village	12/31/2025				820,896					
City Bella	12/31/2030									661,788
Lyndale Gateway West	12/31/2029								304,772	
Total Annual Captured Net Tax Capacity Returned to Tax Rolls		-	-	-	2,635,239	-	-	-	304,772	661,788
City Tax Rate for Taxes Payable in 2022 ⁽¹⁾	55.066%									
Estimated Additional Annual Tax Levy Available ⁽¹⁾		\$ -	\$ -	\$ -	\$ 1,451,121	\$ -	\$ -	\$ -	\$ 167,826	\$ 364,420

(1) - Assumptions:

- Calculates additional dollars the City could levy and still maintain the same tax rate as Pay 2022.
- Assumes no change in existing tax base from prior year
- Assumes no change in the Fiscal Disparities Distribution Dollars from Pay 2022

(2) - Notes:

- The value for this District reflects the minimum assessment value which may be challenged after decertification.

Highlights

- Lyndale Gateway / Interchange West
 - ✓ Minimum assessment value may be challenged after decertification

Outstanding Obligations

Highlights

- 2 bonds remaining
 - ✓ 2010B – done 2/1/24
 - ✓ 2012B – done 2/1/25
- PAYGO Notes
 - ✓ Risk is on the developer
- Interfund Loans
 - ✓ Covers early Admin
 - ✓ Pay for project costs
 - ✓ Risk is on City/HRA

Summary of Outstanding Non-Pooled Debt Obligations as of 12/31/2021			
TIF No.	District Name	Obligation	Outstanding
1281 / 1282	Lyndale Gateway / Interchange West	2010B G.O. Refunding Bonds (Bridge)	\$ 1,715,000
		Richfield Sr. Housing PAYGO Note	3,836,362
		Best Buy	18,408,073
1280	Urban Village	Note A PAYGO Note	510,025
		Note B PAYGO Note	13,803,987
1285	City Bella	City Bella PAYGO Note	10,622,304
1286	Lyndale Gateway West (Kensington Park)	2012B Taxable TIF Refunding Bonds	1,000,000
		Interfund Loan - From ILN	1,100,000
		Interfund Loan - From HRA General Fund	619,525
1287,1288	Cedar Avenue (Rya)	Interfund Loan - From HRA General Fund	91,897
1289	2010-1 Woodlake Housing	PAYGO Note A	726,138
		PAYGO Note B	51,758
		Interfund Loan - From HRA General Fund (Land)	2,882
		Interfund Loan - From HRA General Fund (Qualified Costs)	35,193
1290	Lyndale Gardens	Master PAYGO Note	2,729,520
		Secondary PAYGO Note (Henley)	1,491,077
1291	2014-1 RM Senior Living Richfield (Havenwood)	RM Senior Housing PAYGO Note	2,400,000
		Interfund Loan - From HRA General Fund	39,939
1292	2017-1 Chamberlain	Chamberlain Apartments PAYGO Note	8,487,295
		Interfund Loan - From HRA General Fund	19,038
1293	2018-1 Cedar Pointe Townhomes - RF 64	Cedar Point PAYGO Note	900,000
		Interfund Loan - From HRA General Fund	14,209
1294	2020-2 Emi (101 66th St E)	Interfund Loan - From HRA General Fund	6,124
1295	2020-3 Lynk65 (Lynvue)	Interfund Loan - From HRA General Fund	6,277
1296	2020-1 Henley II (Riley)	Interfund Loan - From HRA General Fund	4,992

Pooling Opportunities

- Unobligated TIF may be used to redevelop sites or build affordable housing not located in a TIF District
- 3 Districts identified
 - ✓ Lyndale Gateway / Interchange West
 - ✓ Urban Village
 - ✓ City Bella
- 3 Pooling Options
 - ✓ Special Legislation for 10% pooling to Housing Trust Fund
 - ✓ Temporary Legislation for Spending Plans
 - ✓ 25% Regular Pooling

Pooling Opportunities - Priorities

“Waterfall” approach to prioritize opportunities

10% Pooling for Housing Trust Fund

Spending Plans

25% Regular Pooling for Redevelopment

Special Legislation: 10% to Housing Trust Fund

- 2021 Special Legislation
 - ✓ Designate an additional 10% for affordable housing
 - ✓ Transfer this additional 10% out of TIF funds to Housing Trust Fund
 - \$750,000 currently estimated
 - Funds available now, can be transferred anytime through December 31, 2026

Year	Lyndale Gateway / Interchange West District	Urban Village TIF District	City Bella TIF District	TOTAL
2022	\$ 250,000	\$ 250,000	\$ 250,000	\$ 750,000
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
TOTAL	\$ 250,000	\$ 250,000	\$ 250,000	\$ 750,000

Temporary Spending Authority: New for 2021

- TIF Authorities can use unobligated tax increment to help stimulate private development
 - ✓ Spending Plan adopted by December 31, 2022
 - Funds transferred to a new fund
 - ✓ Funds must be spent by December 31, 2025
 - Unspent increment transferred back to TIF Fund(s)

TIF DISTRICT NAME	2021 Cash Balance	Est. 2022 Cash Balance*	Less: 10% to HTF	Available for Spending Plan
Urban Village	1,203,507	1,020,930	(250,000)	770,930
Interchange West / Lyndale Gateway	5,943,918	5,371,222	(250,000)	5,121,222
City Bella	841,363	704,735	(250,000)	454,735
TOTALS	\$ 7,988,788	\$ 7,096,887	\$ (750,000)	\$ 6,346,887

**Note: The increment available at the end of 2022 has been reduced by the 2/1/2023 payment for all outstanding obligations.*

25% Regular Pooling

Year	Lyndale Gateway / Interchange West District	Urban Village TIF District	City Bella TIF District	TOTAL
2022	427,371	-	-	427,371
2023	427,371	191,760	95,012	714,143
2024	427,371	194,085	97,590	719,046
2025	11,802	194,085	97,589	303,476
2026	-	-	97,590	97,590
2027	-	-	97,589	97,589
2028	-	-	97,589	97,589
2029	-	-	97,590	97,590
2030	-	-	847,330	847,330
TOTAL	\$ 1,293,915	\$ 579,930	\$ 1,527,882	\$ 3,401,727

- Public Redevelopment Costs

- ✓ Spent within Richfield Redevelopment Project Area (City limits)
- ✓ Includes up to 10% for Administrative costs
- ✓ Must meet criteria for “TIF eligible” of Pooled District
- ✓ Other redevelopment districts can also participate

Housing Districts and Affordable Housing

- Affordable Criteria
 - ✓ 20% of units at 50% or less of median income
 - ✓ 40% of units at 60% or less of median income
 - ✓ Rental projects remain affordable for life of TIF districts
 - ✓ Owner-occupied affordable for initial sale
- No limit - Considered “In-District”
- 2 Districts with future potential
 - ✓ 2010-1 Woodlake Housing: **\$3.8M** by 2039
 - **\$150,000**/year until PAYGO Note paid in **2035**; **\$300,000**/year until decertification
 - ✓ 2017-1 The Chamberlain: **\$9.3M** by 2045
 - **\$0**/year until PAYGO Note is paid in **2036**; **\$850,000**/year until decertification

Other Provisions

- Excess Tax Increment
 - ✓ Districts can only collect what is authorized to be spent in the TIF Plan
 - ✓ No districts currently expected to generate excess increment

Compliance

TIF District	Four Year Rule Deadline	Parcels “Knocked Down”	Parcels Reinstated or “Knocked Up”
Lyndale Gateway/Interchange West	July, 2003	None	N/A
Urban Village	July, 2003	None	N/A
City Bella	May, 2007	None	N/A
Lyndale Gateway West (Kensington Park	May, 2007	None	N/A
Cedar Avenue (Rya)	May, 2013	None	N/A
2010-1 Woodlake Housing	March, 2016	None	N/A
Lyndale Gardens	March, 2017	None	N/A
2014-1 RM Sr Living Richfield (Havenwood)	March, 2020	None	N/A
2017-1 Chamberlain	June, 2022	None	N/A
2018-1 Cedar Pointe Townhomes – RF64	May, 2023	N/A	N/A
2020-2 Emi (101 66 th St E)	March, 2025	N/A	N/A
2020-3 Lynk 65 (Lynvue)	March, 2025	N/A	N/A
2020-1 Henley II (Riley)	July, 2025	N/A	N/A

4-Year Rule:

- Every parcel must have qualifying activity

Compliance

5-Year Rule:

- Obligations must be entered into
 - ✓ All districts qualify

TIF District	Five Year Rule Deadline	Revenues Paid to Third Party	Bonds Issued	Contracts Entered	Reimburse Party	Housing Purposes
Lyndale Gateway / Interchange West	July, 2004		2001A Bonds Issued March, 2001			
Urban Village	July, 2004				TIF Notes A & B issued 10/17/2001	
City Bella	May, 2008				TIF Note issued 04/21/2003	
Lyndale Gateway West	May, 2008		2003C Bonds Issued December, 2003			
Cedar Avenue (Rya)	Not Applicable					
2010-1 Woodlake Housing <i>Housing District</i>	March, 2017				TIF Note A issued 10/13/2011	
Lyndale Gardens	March, 2020				Master PAYGO Note Issued 6/4/2019	
2014-1 RM Sr Living Richfield (<u>Havenwood</u>)	March, 2021				PAYGO Note issued 6/20/2018	
2017-1 Chamberlain <i>Housing District</i>	June, 2023				PAYGO Note issued 5/14/2020	
2018-1 Cedar Pointe Townhomes – RF64 <i>Housing District</i>	May, 2024				PAYGO Note issued 8/1/2021	
2020-2 Emi (101 66 th St E)	March, 2026				TBD	
2020-3 <u>Lynk</u> 65 (<u>Lynvue</u>)	March, 2026				TBD	
2020-1 Henley II (Riley) <i>Housing District</i>	July, 2026				PAYGO Note issued 9/1/2021	

Administrative Expenses

- Statute allows for up to 10% of revenues or expenses for administrative costs
 - ✓ Depends on when district was established
 - ✓ Includes staff time, legal expenses, financial advisory expenses, publication and reporting expenses
 - Staff time must be documented
 - ✓ 10% limit must be met when district decertifies
 - Not an annual calculation
 - Cannot take 10% “off the top”

Findings & Recommendations

- All districts on track and in compliance
- Adopt Spending Plan by end of 2022
- Establish separate funds for:
 - ✓ Housing Trust Fund
 - Separate funds for each TIF District
 - ✓ Spending Plan
 - Single fund for all TIF Districts





STAFF REPORT NO. 29
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
9/19/2022

REPORT PREPARED BY: Lynnette Chambers, Multifamily Housing Coordinator
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
9/13/2022

ITEM FOR COUNCIL CONSIDERATION:

Consider an adjustment to the payment standard for the Section 8 Housing Choice Voucher Program.

EXECUTIVE SUMMARY:

On an annual basis, the U.S. Department of Housing and Urban Development (HUD) establishes a Fair Market Rent (FMR) for the Twin Cities Metropolitan Area, by bedroom size. Individual Housing and Redevelopment Authorities are allowed to select a payment standard within 90% to 110% of HUD's FMR. The selection of the payment standard should ensure that a sufficient supply of rental housing is available to Section 8 Housing Choice Voucher Program (Program) participants. HUD's newly published FMRs have increased and the Housing and Redevelopment Authority's (HRA) current payment standards do not fit within the established parameters. To remain in compliance with HUD regulations, the HRA must increase its payment standards. The proposed payment standards will fall between 90% to 98% of the current FMRs.

RECOMMENDED ACTION:

By motion: Approve the proposed adjustment of the payment standard for the Section 8 Housing Choice Voucher Program.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA last adjusted its payment standards in September 2021.

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

- Section 8 participants currently living in one and two bedroom units will receive a larger portion of rent assistance with the increased payment standard, helping to offset the shared utility fees charged.
- Section 8 participants will be able to choose from a larger selection of affordable housing units and may receive some immediate rent relief on a case-by-case basis.
- HUD provides sufficient federal assistance to cover these adjustments in the payment standards and has approved the increase.
- Without an increase in the payment standard, many Section 8 participants will be unable to find housing and keep up with changing rents.
- Potential changes in federal law impact the financial resources available to the Program if the HRA does not remain current with the FMR.

C. CRITICAL TIMING ISSUES:

- The new payment standards will be effective November 1, 2022.

D. FINANCIAL IMPACT:

- An increase in the payment standard will decrease the rent burden for Section 8 participants.
- HUD provides sufficient funding to cover the increase.

E. LEGAL CONSIDERATION:

- The contract between the HRA and HUD provides for FMR adjustments in accordance with federal regulations.

ALTERNATIVE RECOMMENDATION(S):

- Do not change the payment standard at this time; however, this would mean that Richfield HRA is not in compliance with the HUD regulations.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ 11/01/2022 Payment Standards	Cover Memo

Proposed Payment Standards (11/1/2022)

-0- BDR	-1- BDR	-2- BDR	-3-BDR	-4-BDR	-5-BDR
925	1125	1350	1775	2075	2425

Current Payment Standards (10/1/2021)

-0- BDR	-1- BDR	-2- BDR	-3-BDR	-4-BDR	-5-BDR
840	1000	1225	1675	1975	2310