ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: June 9, 2014
Item No.: 13.f

Department Approval

City Manager Approval

Item Description: **Support for Sherman and Associates, Inc. Redevelopment of 2785 Fairview Avenue and Financing Needs**

BACKGROUND

Sherman Associates, Inc. is proposing a two-phase redevelopment of 2785 Fairview Avenue North. The City Council previously discussed this development at its July 22, 2013, meeting. Phase 1 would result in two buildings with a total of 190 units – approximately 126 market rate units and 64 affordable units. Income ranges for the affordable units can be found in the chart below. All housing units would be non-age restricted. Phase 2 would feature approximately 6,000 square feet of office/retail. This proposal supports the 3 top priorities and housing needs identified in the Comprehensive Market Study that was completed in 2013 for the City: to build market rate rental units and to provide affordable housing for seniors and families.

Number of family members	Income range
1 person	$29,400-$35,280
2 person	$33,600-$40,320
3 person	$37,800-$45,360
4 person	$41,950-$50,340

Estimated construction costs for both buildings is over $23,000,000, and the total project cost is estimated to be more than $32,000,000, which is a great reinvestment for a site that's building is currently valued at just $1,000.

Phases 1 would commence construction in summer 2015 if all funding requirements are met; Phase 2 would commence construction later in 2015.

The project involves the first market rate apartment developed in the City in many years. This project will create a rental product with the modern amenity expectations that are important to the Millennial Generation and empty-nester Baby Boomers. If successful, this project will establish a new, high-quality baseline for market-rate apartments that can spur additional investment in existing properties and encourage investment in new properties.

The strategic location of this property may provide catalyst benefits to other properties in the Twin Lakes area by enabling the extension of Twin Lakes Parkway, which opens up some of the interior sites of Twin Lakes for redevelopment.

The applicant is before the City Council tonight because there are pending application deadlines for outside funding that require actions of support from the City Council. To finance the project, Sherman Associates, Inc. is applying for loans through the Minnesota Housing Finance Agency (MHFA) – that application is due June 10, 2014 – and from the Tax Base Revitalization Account (TBRA) through the Met Council.

Additional CDBG funds from Ramsey County will be applied for in the spring of 2015 as Ramsey County has already committed $162,063 of the initial request of $350,000 this year.

Sherman Associates, Inc. is also requesting that the City and the RHRA commit to the following financial support:

- The use of the CDBG funds, which has a current balance of approximately $270,000. The RHRA committed the CDBG funds to the development on May 20, 2014.

- LCDA grant dollars in the amount of $1,442,395, which would be applied for by the RHRA but paid for by the Metropolitan Council. If granted, the funds would be used to pay for redevelopment costs such as demolition of existing buildings, putting in a public road in front of the apartment complexes, and assisting with some of the costs to acquire the site and improve the storm water management.

- City establishment of a Housing Tax Increment Financing (TIF) district for 26 years. The estimated value of this assistance is roughly $3,500,000. Springsted, the City's financial advisor, has reviewed the requested TIF amount and determined that the proposed development would support the request and may even produce more proceeds than requested. TIF does require that a percentage of the units meet affordability requirements: either 20% of the units must be available at 50% area medium income (AMI) or 40% of the units at 60% AMI (see chart on page 1 for income ranges). The Difference between Housing TIF and regular TIF is that Housing TIF does not require job creation.

- The applicant is asking that the City waive the SAC fees estimated to be $472,150, which the City has the authorization to do based upon SAC credits that the City has.

- The applicant is proposing to fully fund park dedication fees as part of the development of this project, which would assist with enhancements to Langton Lake Park.

All requests for funds from the City and RHRA are contingent on final underwriting from Springsted, which would determine what, if any, gaps in financing exist once all other resources have been explored and applied for. During that time the City will go through a formal "but-for" anaylsis, which is a law requirement. Given the economics that have been provided for this project, it would not be able to go forward with out TIF assistance.

The City Council will therefore have future approvals to indicate approval of final financial support levels. However, if the City Council is not comfortable with providing the level and types of support requested, it would be appropriate to indicate so at this time in order to save additional time and expense by the developer and staff going forward.

POLICY OBJECTIVE

The proposed redevelopment supports the City's priorities in the following ways:

1. Addresses housing priorities that are identified in the Comprehensive Multifamily Housing Needs Analysis.
2. Addresses the Comprehensive Plan goal of providing a wide variety of housing options in order to retain and attract a diverse mix of people and family types with various economic statuses, ages, and abilities.
3. Redevelops a contaminated and blighted property in the Twin Lakes Redevelopment Area.
4. Assists with the City's priority of redeveloping the Twin Lakes Area by completing the last portion of Twin Lakes Parkway.
5. Supports the City's Twin Lakes Public Financial Partipation Framework, which was adopted on March 3, 2008, to guide the City when TIF is requested for redevelopment of Twin Lakes. There are 8 community objectives and 23 scoring criteria by which to measure potential achievement of these objectives. The objectives include a mix of uses, enhanced aesthetics, environmental quality and sustainability, relationship to parks, transit and transportation options, diverse employment opportunities, diverse tax base, and diverse housing options. In order for the City to consider financial assistance for an individual project, the project must work toward achieving 1/3 of the scoring criteria (8) within at least 4 of the objective categories. The proposed development achieves 5 of the 8 community objectives and meets 13 of the 23 scoring criteria. (Attachment C).

The RHRA made a recommendation on May 20, 2014, that the City of Roseville assist the redevelopment of 2785 Fairview by establishing a TIF district and by assisting with SAC fees, contingent on a final underwriting review by Springsted.

BUDGET IMPLICATIONS

- The Housing TIF assistance will be based on the added value that the development will create above what is currently being collected by the existing use. For the life of the TIF District (assumed to be approximately 26 years), the property tax budget impact will remain static at current levels with no escalation for inflation or other valuation changes. At the end of the TIF district, the assistance will end and the property will be valued at its redeveloped level, which should be significantly higher than current levels, providing a future budgetary benefit. During the life of the TIF District, the City will receive 10% of the TIF revenue to cover overhead costs associated with the issuance of the TIF District.
- Waiving the SAC charges will not directly impact the budget, however, it will reduce the amount of SAC credits that the City maintains in its inventory for future needs.
- The use of CDBG funds (which originate from HUD) will not affect the City's budget and can create problems for the recipients, like Ramsey County, if they are not spent. The inclusion of these funds in the financial package is actually

beneficial to local CDBG recipients because they can more easily qualify for additional CDBG funds.

- The LCDA funds originate from the Metropolitan Council and will not have an impact on the City's budget.
- The Minnesota Housing Finance Agency funding is a transaction between the developer and the agency and therefore will have no impact on the City's budget.
- The inclusion of Twin Lakes Parkway construction costs in this project's financing may have a positive impact on the capital improvement funds that could have had to fund more of the construction costs if the project were not funding it.
- The fund for Park Dedication fees will see a positive budget impact since the project is proposing to fully fund the Park Dedication fee requirements.

STAFF RECOMMENDATION

Staff believes that the proposed apartment development on the Hagen Property is very desirable and consistent with the vision of Twin Lakes. Staff would recommend that the City approve the resolution of support for the LCDA application and continue to work with the developers to determine if financial assistance is possible for the project.

Tonight the City Council is being asked to support the proposed development with TIF and SAC fees. This will allow Sherman Associates, Inc. to apply for funding from the MHFA, the Metropolitan Council, and Ramsey County, and it will allow the RHRA to apply for LCDA funds. Should Sherman Associates, Inc. and the RHRA receive the applied for funds, a public hearing would be held regarding the establishment of a TIF district, and a full underwriting would be done by Springsted to determine to what extent the proposed development needs financial assistance.

If in support of the proposed development, formally adopt the attached resolution authorizing the submittal of an LCDA application for funds to assist with the redevelopment of 2785 Fairview Avenue and resolution of financial assistance of TIF and SAC.

REQUESTED COUNCIL ACTION

Two separate motions for consideration:

1. APPROVE the resolution authorizing the submittal of an LCDA application for funds to assist with the redevelopment of 2785 Fairview Avenue.
2. APPROVE the resolution for financial assistance with TIF and SAC fees.

ALTERNATE COUNCIL ACTIONS

- Motion to DENY the request for support by Sherman Associates for support of the LCDA application and other financing.

- Motion to MODIFY the attached resolutions and APPROVE the modified resolutions.

Prepared by: Jeanne Kelsey, Acting Executive Director RHRA 651-792-7086
Attachments: A: Aerial of 2785 Fairview Ave.
B: Conceptual Site Plan
C: Twin Lakes Financial Participation Framework

D: Roseville HRA Resolution of Support
E: Draft RHRA meeting minutes from May 20, 2014
F: Council meeting minutes from July 22, 2013
G: Resolution of support of LCDA Grant Application
H: Resolution of support for financial assistance

2785 Fairview Ave N

ROSEVILLE

Prepared by:
Community Development Department
Printed: May 13, 2014

Future Twin Lakes Pkwy

Site Location

Data Sources

* Ramsey County GIS Base Map (4/30/2014)
* Aerial Data: MnGeo (4/2012)

For further information regarding the contents of this map contact:
City of Roseville, Community Development Department,
2660 Civic Center Drive, Roseville MN

0 100 200 Feet

N

Exhibit B Conceptual Site Plan

1 SD_Site Plan
1" = 60'-0"

Roseville Twin Lakes Development

Aerial/Site Plan

kaas wilson architects
2104 4th Avenue S. Suite B
Minneapolis, MN 55404
tel: (612) 879-6000
fax: (612) 879-6666

Project Number:	14-05-C	Revision Number:	
Issue Date:	05/28/2014	Revision Date:	

P2-0

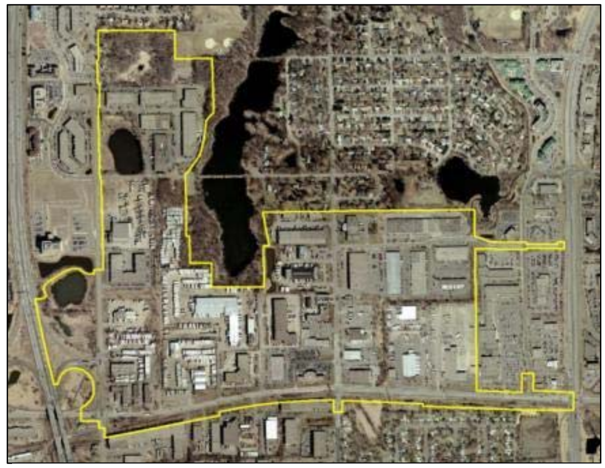
kaas wilson architects

Twin Lakes Redevelopment, Roseville, MN

Artist's Rendering

Twin Lakes Public Financial Participation Framework

Introduction



Twin Lakes Redevelopment Area

Since 1988, the City of Roseville has worked to spark investment in the 275-acre Twin Lakes Redevelopment Area. The City initiated the creation of a Master Plan for the area, which has been updated several times since its inception. Over time, the importance of this project has become deeply rooted within the community, which is demonstrated by the adoption of Twin Lakes Master Plan into the City's Comprehensive Plan.

During the initial phases of redevelopment activities, public financial participation is often requested by developers to assist in off-setting the increased development costs associated with development on these more complicated sites. With limited financial resources and community expectations high, the City of Roseville has established a Public Financial Participation Framework to identify objectives and criteria by which to consider future financial requests for projects within the Twin Lakes Redevelopment Area.

The following framework, which has been developed with consideration to community goals articulated through the Imagine Roseville 2025 process, the Twin Lakes Master Plan (2001), and the Twin Lakes Design Principles, describes general policies that the City of Roseville will use when considering if to participate, what type of activities to assist with, and parameters of participation. These policies are intended to clarify what is within the realm of consideration when public financial participation is considered for elected officials, city staff, the public, and the development community.

Twin Lakes Public Financial Participation Determination

For all projects requesting financial assistance, the requestor must demonstrate (to be verified by the City) that the project is unlikely to proceed without the infusion of City funds. Beyond need, developers must demonstrate how their project will advance the city's overarching objectives. On the following page are eight community objectives and twenty-three scoring criteria by which to measure potential achievement of these objectives. The objectives include a mix of uses, enhanced aesthetics, environmental quality and sustainability, relationship to parks, transit and transportation options, diverse employment opportunities, diverse tax base, and diverse housing options. In order for the City to consider financial assistance for an individual project, the project must work toward achieving one-third of scoring criteria (eight criteria) within at least four of the objective categories.

Objectives and Scoring Criteria

1. Mix of Uses

- ◻ Overall Use Mix: Contributes toward the desired mix of uses within the project area described in the Twin Lakes Master Plan
- ◻ Needed Services: Provides a needed service in Roseville.
- ◻ Community Spaces: Incorporates community spaces, such as plazas and greenspaces, into the project that are open for use by the general public

2. Enhanced Aesthetics

- ◻ Blight Elimination: Removes, prevents, or reduces blight or other adverse conditions of the property
- ◻ Urban Design: Achieves a walkable, pedestrian friendly environment, creates a strong "public realm," and internalizes parking to the project as indicated in the Twin Lakes Design Principles
- ◻ Building Quality: Uses high quality, long-lasting building and construction materials
- ◻ Structured Parking: Replaces large, surface-parking lots with parking structures integrated into the overall project design

3. Environmental Quality and Sustainability

- ◻ Environmental Remediation: Cleans up existing soil and groundwater contamination
- ◻ Green Building: Is designed to a LEED-Silver rating or higher
- ◻ Green Infrastructure: Uses innovative stormwater management techniques, such as rain gardens/bioretention, porous pavement, or underground holding chambers
- ◻ Environmental Preservation: Preserves or improves quality of wetlands, wildlife habitats, or other natural areas inside or outside of parks.

4. Relationship to Parks

- ◻ Park Connections: Provides connectivity to the neighboring parks
- ◻ Buffers: Offers a buffer between the adjacent park and the new land uses
- ◻ Mitigates Environmental Impacts: Addresses environmental impacts related to park resources

5. Transit and Transportation Options

- ◻ Multimodal Transportation: Integrates bus, bicycle, and pedestrian connections into the project
- ◻ Transportation Demand Management: Works to reduce the number of trips to the project area by implementing various transportation demand options

6. Diverse Employment Opportunities

- ◻ Job Creation: Creates or retains a wide-range of professional-level, family-sustaining jobs
- ◻ Businesses Attraction/Retention: Attracts or retains competitive and financially strong businesses to Roseville

7. Diverse Tax Base

- ◻ Tax Base: Diversifies the overall tax base of the City
- ◻ Enhanced Tax Base: Maximizes tax-base potential within the redevelopment area

8. Diverse Housing Choices

- ◻ Unmet Housing Markets: Provides housing options not currently realized in the Roseville market (e.g. market-rate apartments, mid-sized single-family homes)
- ◻ Affordable Housing: Provides affordable housing opportunities.

Priority Funding Activities

The following is a list of activities, fundable under state statute, in which the City may consider financial participation.

- Cleanup of environmental contamination
- Construction of public infrastructure (e.g. utilities, roads, and sidewalks)
- Streetscaping
- Public, structured parking facilities
- Site improvements (e.g. soil correction)
- Land acquisition (e.g. right-of-way acquisition)
- Others on a case-by-case basis

General Financial Participation Parameters

If it is determined that the City will financially participate in a project, the following are the general parameters by which a development agreement will be negotiated.

Grants

- The City will apply for available regional, state, and federal grant funds to offset city costs associated with City-led project elements.
- The City will consider applying for regional, state, and federal grant funds to assist developer costs for projects that provide a demonstrated community benefit.
- If limited funds available, City will give priority to City-led elements.

Tax Increment Financing (TIF)

- Pay-as-you-go Financing: Initial financing of eligible improvements will be the responsibility of the developer with the City repaying the developer for eligible costs as revenue is generated (Developer-led project elements)
- Upfront Capitalization: Upfront financing for public improvements (City-led project elements)
- Financing Terms: Minimum financing for the shortest terms for the project to proceed.

EXTRACT OF MINUTES OF MEETING OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF ROSEVILLE

Pursuant to due call and notice thereof, a regular meeting of the Housing and Redevelopment Authority in and for the City of Roseville, County of Ramsey, Minnesota, was duly called and held at the City Hall on Tuesday, the 20th day of May, 2014, at 6:00 p.m.

The following members were present: Etten, Majerus, Lee, Elkins, and Maschka

and the following were absent: Masche and Quam

Commissioner Elkins introduced the following resolution and moved its adoption:

Resolution No. 57

SUPPORT FOR SHERMAN AND ASSOCIATES INC. APPLICATION FOR MINNESOTA HOUSING FINANCE AGENCY FUNDS AND LIVEABLE COMMUNITIES DEMOSTRATION ACCOUNT FUNDS

WHEREAS, the 2785 Fairview Avenue in the City of Roseville was identified by the City as a potential mixed use redevelopment site in the Twin Lakes Redevelopment Area; and

WHEREAS, the Housing and Redevelopment Authority has recently completed a Comprehensive Multifamily Housing Needs Analysis and such proposed development meets an identified need in Roseville; and

WHEREAS, the Comprehensive Multifamily Housing Needs Analysis supports such proposed development as high priorities for Roseville.

WHEREAS, proposed redevelopment site meets the Housing and Redevelopment Authority 2012-2016 Strategic Plan; and

WHEREAS, Sherman Associates, INC. a reputable Twin Cities housing developer, has proposed to build approximately 190 units of a mix of market rate and affordable housing.

NOW THEREFORE BE IT RESOLVED THAT the Housing and Redevelopment Authority, in and for the City of Roseville hereby supports and strongly recommends funding to Sherman Associates, INC for the redevelopment of 2785 Fairview Avenue with the goal to redevelop the site into mixed use and income housing options with commercial amenity that will significantly improve the Twin Lakes Redevelopment Area.

Adopted by the Board of the Authority this 20th day of May, 2014.

Certificate

I, the undersigned, being duly appointed and acting Executive Director of the Housing and Redevelopment Authority in and for the City of Roseville, Minnesota, herby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regularly held meeting thereof on May 20, 2014.

I further certify that Commissioner Elkins introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner Majerus, and that upon a vote being taken thereon, the following Commissioners voted in favor thereof:

Etten, Majerus, Lee, Elkins, and Maschka

And the following voted against the same: None

And the following abstained from voting: None

Whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 20th day of May, 2014

Jeanne Kelsey

Acting Executive Director
Housing and Redevelopment Authority
In and for the City of Roseville, Minnesota

Nays: 0
Motion carried.

Chair Maschka thanked Mr. Weingarten and Ms. Kelsey for implementing this strategy.

c. Sherman and Associates Redevelopment of 2785 Fairview Avenue

Ms. Kelsey reviewed the requested action, as detailed in the staff report dated May 20, 2014; in addition to the draft Resolution No. 57 as previously noted as a bench handout, ***attached hereto and made a part hereof.*** Recognizing that this was a complicated issue, and involved as number of funding sources needing to be met, including use of tax increment financing (TIF) funds at the discretion of the City Council.

Ms. Kelsey advised that the proposed development met four of the seven criteria developed by the City Council's TIF Plan for the Twin Lakes Redevelopment Area, as noted in Section 3.0 of the staff report. In a related note, Ms. Kelsey advised that the Greater Metropolitan Housing Corporation did not receive additional funded needed from Ramsey County and had therefore withdrawn their request for CDBG funds from Roseville, leaving a current balance of approximately $270,000 (page 2 of the staff report). Ms. Kelsey reviewed other funding mechanisms, including Livable Community Development Account (LCDA) funds, with the developer having submitted a preliminary application at this time to assist with infrastructure and demolition costs, including the road construction identified as completion of Twin Lakes Parkway. Ms. Kelsey advised that it would remain unknown until later this month whether the developer would be invited to submit a formal application to the Metropolitan Council.

Ms. Kelsey clarified the definition of "affordable housing" in this instance to describe workforce housing as outlined in the staff report (Section 2.0) and income ranges accordingly, and non-age restricted units.

Ms. Kelsey advised that staff recommended approval, as the proposal supported the three top priorities and housing needs identified in the Comprehensive Market Study completed in 2013to build market-rate rental units and provide affordable housing for seniors and families; in addition to achieving goals outlined in the RHRA's 2012-2016 Strategic Plan.

Ms. Kelsey noted that, as provided in the staff report, the developer originally proposed construction of the two buildings, totaling 190 units and 6,000 square feet of retail as a two-phase development. However, Ms. Kelsey noted that in order to meet the requirements for Housing TIF Districts requiring 20% of the units meeting income restrictions, it had been determined to build both phases at the same time and meet the affordable housing requirements. Ms. Kelsey advised that it was challenging to find investors to buy tax credits; and upon checking with the state, no one else was applying for the credits and would allow use of 4% tax credits along with mortgage revenue bonds from the Minnesota Housing Finance Agency (MHFA), with application deadline of June 10, 2014, and applications only accepted once per year. Ms. Kelsey noted that, in order to sell tax credits, the entire 190 units, including 80% affordable units, needed to be built as a mixed income property. Ms. Kelsey advised that the developer was proposing to accomplish this requirement by reducing the total number of 3-bedroom units and add more 1- and 2-bedroom units. Ms. Kelsey noted that this would be in line with staff findings supporting seniors moving into affordable units with elevators and other amenities desired; with that modification accepted by the state if the older adult population was inhabiting the buildings.

Ms. Kelsey further reviewed the developer's request that the City assist with its costs for sewer access charge (SAC) fees, and explained those fees and how they applied to this development.

Ms. Kelsey reiterated that there were many steps yet to be completed and a complicated process involved; however, she recommended RHRA support of the proposed development as outlined in Section 4.0 of the staff report, as amended to include adoption of Resolution No. 57.

At the request of Chair Maschka, Ms. Kelsey defined work force housing at an annual income limit of <$35,280 for a head of household, clearly separate from Section 8 housing typically considered as an "affordable housing" definition. Ms. Kelsey noted that rents on those affordable housing units may be somewhat lower than the remaining 20% market rate units, the 110 units in the market rate rentals in the other building would speak to that income restriction; and provide those at starting workforce wages or seniors on restricted incomes to qualify.

Andy Hughes, Project Manager with Sherman Associates

Mr. Hughes noted that the projected rent for the 1-bedroom units was $750 to $800/month; and 2-bedroom units at $900/month, and require employment. Mr. Hughes projected that the unrestricted, market rate units would be about 200/month higher.

Chair Maschka spoke in support of the building design.

Member Majerus questioned how the project could and would be marketed in the midst of an industrial area.

Mr. Hughes recognized it would be challenging in this urban redevelopment site; however, he expressed confidence in the vision of Sherman Associates for this site, and the advances made to-date with the clean-up of the Walmart site and access and visibility from I-35W and I-694; and along with the Park and Ride located in the vicinity, it provided several amenities fro the community and resident of the property.

Chair Maschka concurred, opining that someone had to start the process.

At the request and recommendation of Member Elkins, Mr. Hughes advised they had not yet considered working with the Federal Home Loan Bank in Des Moines, IA, but would willingly research that option.

At the request of Member Etten, Mr. Hughes provided a brief presentation of the proposed project, and reviewed various components. Mr. Hughes noted that the 3-bedroom units were all walkouts, and that the play area could be expanded further as the developer partnered with the City to enhance Langton Lake Park. While recognizing the challenges in developing this project, Mr. Hughes spoke enthusiastically and noted the success of Sherman Associates in their long-term management of sites; and expressed their interest in the site becoming an amenity for the community and provide a concrete plan for moving the Twin Lakes Redevelopment Area forward. Mr. Hughes noted that their firm considered all three identified funding sources as a last resort, but were found necessary to identify them to provide for the feasibility of the project itself and show local support for other stakeholders.

Member Etten noted the ongoing comments heard at the City Council level from property owners and developers to complete the Twin Lakes Parkway connection; and opined that this was a valuable component of this proposed project. Member Etten asked for identification of other outside funding sources.

Ms. Kelsey responded that those sources were identified in the staff report, and reviewed the portions of the project, including infrastructure requirements to apply to the total estimated Parkway at $650,000, and applicable funding applications.

At the request of Member Etten, Mr. Hughes confirmed that sidewalks would be part of the project, with their intent to connect Fairview Avenue and Twin Lakes Parkway as a pedestrian-friendly road.

Member Etten suggested that Mr. Hughes consult with the City's Parks & Recreation Department, as well as the Public Works/Engineering Department, to pre-plan and determine how best to make that connection and incorporate the city-owned park property across the road; as part of the park dedication portion of the project. Member Etten opined that those were partnerships that would provide value for residents and make the project a positive for the entire community.

At the request of Member Etten, Mr. Hughes briefly addressed pollutants found on properties to the north of this project site, and their award of a small grant to assist in their estimated site clean-up costs of $250,000; with the above-ground pollutants (e.g. asbestos) covered in the project's overall costs.

At the request of Member Etten, Ms. Kelsey reviewed the balance in the SAC funds, and the process for determining those account balances; and how it related to the former Owasso School site, also open for development in the future. Member Etten expressed his concern that sufficient funds remain in the balance to address potential development of that site. Ms. Kelsey advised that the SAC fee countdown clock began upon demolition of existing structures, which had already been accomplished; and advised that she would further research that status.

At the request of Member Etten, Mr. Hughes addressed their request for SAC fee assistance from the City for 2015, the anticipated construction start, and future increases as they increased at an estimated $50 per year per unit.

At the request of Chair Maschka, Member Etten, in his role as City Councilmember, noted that the City Council majority was fully supportive of completing building demolition and completion of Twin Lakes Parkway as soon as feasibly possible; with staff continuing to work on time frames and financing issues. Member Etten stated that this was a City Council priority and should be a community priority as well.

Chair Maschka suggested this may create support for an enabling sales tax.

Member Etten noted that, if it could be used for this purpose, it may be prudent; however, he noted that various impacts for the City and its residents and for long-term planning; even if the request was approved by the legislature.

At the request of Member Lee, Mr. Hughes addressed the justification for reducing 3-bedroom units compared to previous development proposals and City Council preference to avoid concentrating families in one building versus an intergenerational approach. Mr. Hughes noted that, upon consulting with the MHFA, the proposed unit allotment would provide the affordable housing option as well as support senior housing, especially if placing seniors in the walk out units similar to the concept of a townhome. Mr. Hughes reviewed the projected breakdown of units: 50% to 60% as 1-bedroom units or 1-bedroom plus den; 20% to 25% 2 bedroom units; and the balance 3-bedroom units. While this served to create predominantly smaller units, Mr. Hughes opined that this was where the market was at this time; and would also limit their financing gap request to the City and outside financial sources.

Chair Maschka spoke in support of the intergenerational, non-segregated approach for the units.

Member Etten referenced the former Sienna Green renovation project and the majority of 1-bedroom units with the exception of those units in the newly constructed building; and how these smaller units would address the apparent shortage or need for rental units for families, including how to address visitors or possible assistance for family members on a short-term basis.

Mr. Hughes noted that this was a fair observation; and advised that the new building would allow for that flexibility in the 1-bedroom plus den units. However, while this project is enhanced by the connection to Langton Lake, Mr. Hughes opined that this site was less conducive for family housing due to its location. Mr. Hughes further opined that, while it's appropriate to achieve that mix and to meet the good policy objectives of the City, this was not the project to push the market, but rather should be developed to be well-received by the current housing market.

At the request of Chair Maschka, Mr. Hughes anticipated construction beginning early in 2015.

Motion: Member Elkins moved, seconded by Member Majerus, recommendation by the RHRA for City support to assist in the redevelopment of 2785 Fairview Avenue by establishing a tax increment financing (TIF) District; and provide assistance with sewer access charge ISAC) fees, contingent on a final underwriting review by Springsted.

Ayes: 5
Nays: 0
Motion carried.

Motion: Member Majerus moved, seconded by Member Elkins, to authorize staff to prepare a letter of support from the RHRA committing to use of $270,000 of the allotted Community Development Block Grant (CDBG) funds; and allowing submission by the RHRA of an application for Living Community Development Account (LCDA) funds to assist with the development of 190 housing units, 64 of which would be affordable.

Ayes: 5
Nays: 0
Motion carried.

Motion: Member Lee moved, seconded by Member Etten, adoption of RHRA Resolution No. 57 entitled, "Support for Sherman and Associates, Inc. Application for Minnesota Housing Finance Agency Funds and Livable Communities Demonstration Account Funds."

Ayes: 3
Nays: 0
Motion carried.

10. Information Reports and Other Business (Verbal Reports by Staff and Board Members)

a. Multi-family Rental Licensing Update

Ms. Kelsey advised that 144 applications for inspection had been received to-date; with only 18 properties, representing eight different property owners, not making application. Ms. Kelsey advised that staff would follow-up with those property owners to determine their rationale in not applying; with inspections scheduled to begin the first of June. Ms. Kelsey advised that so far, staff had fielded few questions about the program. Ms. Kelsey noted that the majority of the feedback from property owners and/or managers had been positive; and they considered the program fair to good property owners based on their perspectives.

b. Discuss Hagen Property Development

Interim City Manager Trudgeon introduced and welcomed Andy Hughes, Sherman Associates and Sherman Architect Link Wilson, referencing detail included in the RCA and attached Planning Commission meeting minutes.

Mr. Wilson reviewed his involvement with Sherman Associates since 1987 and provided examples of other projects completed throughout the metropolitan area. Mr. Wilson noted the potential of the Hagen Property site adjacent to Langton Lake and its amenities along with existing development to the north, allowing for the City's re-envisioning for this part town. Mr. Wilson advised that the proposal for this phased development was for a four (4) story, masonry and panel designed and modern architectural approach, with balconies, hidden parking and connection to pathways to the east to access the Park & Ride facility and on the south to access bus transportation; and employment to the south and east. Mr. Wilson opined that this would provide a dynamic project not yet seen in Roseville, and expressed the firm's excitement for this proposed project.

Mr. Hughes anticipated breaking ground for the market-rate and retail/office phase in the spring of 2014, with the rest to be completed in 2015. Mr. Hughes reiterated the firm's excitement with this being their first project in Roseville.

Discussion included the proposal to use Langton Lake as an asset and how and if the intent was to overtly connect the development to the lake, with the hope to make a connection to Twin Lakes Parkway and natural paths through partnership with the City for buildings in the development and focus of activities and attention on the east side of the building, with the north side intended to be a softer approach with a potential for independent townhomes that could serve as a gateway to the lake.

At the request of Councilmember Willmus, Mr. Hughes advised that until their financial due diligence had been completed with their lenders for market rate underwriting for the project he could not project the amount of TIF dollars that may be requested. Mr. Hughes noted that there were many variable factors including construction pricing, advising that this represented the first market rate development in Roseville since 1987 (Lexington Apartments); but anticipated that they would be seeking a significant amount of TIF assistance.

At the request of Councilmember McGehee regarding the proposed size for the tot lot, Mr. Hughes advised that designs were still being developed and at the next meeting he could provide photos of other tot lots they had done, but anticipated that this one would be approximately 50' x 35', similar in size to the City Council Chambers, fully fenced and holding a number of different areas.

Further discussion ensued regarding whether there was a consensus regarding connecting and/or extension of Twin Lakes Parkway, with the roadway and its re-alignment long platted with the City having purchased the property with the intention of extending the Parkway aligning with Terrace Drive further south to create an intersection and officially mapped in the 1980's; the existing City pond on the site and future use as a retention area depending on negotiations and stormwater management on the site in conjunction with City Engineer Bloom; proposed style of construction for each phase; and planning for a more flexible product for mixed use developments.

Regarding a future TIF funding request, Councilmember Willmus alerted the developer that one thing he personally gave significant consideration to was long-term job creation, as well as long-term ownership of a project by the developer. While he had also asked this question at the HRA presentation, for the benefit of the City Council and public, Councilmember Willmus requested that the developer review their company's philosophy regarding ownership of their developments.

Mr. Hughes responded that most developers sold their properties with the exception of condominiums; however, he advised that it was very rare that Sherman Associates sold their developments; and planned to develop, construct, own and manage the development along with the other buildings in their portfolio, for the long-term. Regarding job creation, Mr. Hughes advised that the Phase II portion of the project, defined for office/medical use, was intended to address that criteria.

Regarding his perspective on use of TIF funds, Mayor Roe stated that if TIF funds could achieve structured versus surface parking for the project, he would be willing to consider TIF to fill those funding gaps. Mayor Roe advised that other parking amenities (e.g. deck parking) that would open more green space would also increase his interest in providing TIF funding, as well as any shared parking options.

Mr. Hughes advised that, in attempting to have the housing component meet the requested amenities for top market rentals in Roseville, the underground parking and other amenity package proposed should accomplish the goals even at a significant cost but also provide a standard for Roseville and help renew apartment developments in Roseville.

At the request of Mayor Roe regarding the proposed use for DEED grant funding, Mr. Trudgeon advised that it was intended to demolish the existing Hagen building, asbestos removal and other site preparation costs, estimated at $440,000, with August 1, 2013 as the application deadline. If the grant was approved, Mr. Trudgeon advised that a Memorandum of Understanding (MOU) would be prepared and presented to the City Council in the future. Mr. Trudgeon pointed out a typographical error in the draft ordinance.

Willmus moved, Laliberte seconded, adoption of Resolution No. 11082 entitled, "Resolution of Applicant", a DEED Redevelopment Grant application for the property located at 2785 Fairview Avenue;" ***as amended to correct the typographical error from "2008" to "2013" in the first "BE IT RESOLVED."***

Roll Call

Ayes: McGehee; Willmus; Laliberte; Etten; and Roe.
Nays: None.

Mr. Trudgeon advised that the applicant and staff would return in the near future with a request for TIF funding based on the criteria and guidelines identified in the City's TIF Policy.

13. Business Items (Action Items)

a. Approve Springsted Amended Proposal for City Manager Search Services

Human Resources Manager Eldona Bacon briefly reviewed the Amended Springsted Contract for City Manager Search services as detailed in the RCA dated July 22, 2013, based on direction of the City Council at their July 8, 2013 meeting. With further negotiations with Springsted, and City Council preference for the firm not to be involved in the interview process, while this would alleviate the placement guarantee from the contract, Ms. Bacon advised that this would save $4,900 in costs. Given the importance identified by Springsted to their overall process, Mr. Bacon advised that upon further negotiation, they had agreed to add that part back into the contract at a reduced cost of $2,500.

Councilmembers Laliberte and Etten expressed confusion as to what the final decision had been by the City Council for their involvement in the interview process or if they had decided on the full package and process.

Even though he was unsure why this item was pulled or brought back for reconsideration, Councilmember Willmus took the opportunity to seek a revision to the entire process. Councilmember Willmus opined that he would frankly like to hold off doing anything with the City Manager Search process, and proceed through the entire budget cycle with the Interim City Manager and see how it went. Councilmember Willmus opined that this could provide an opportunity to vet some things found problematic in the past and to further determine which direction they wished to pursue. Councilmember Willmus advised that he had not yet personally determined a clear direction and strongly recommended holding off doing anything until January 1, 2014.

Councilmember Laliberte stated that she had similar interest in following that route; and as the one asking that this item be brought back for reconsideration, for which she thanked Councilmembers for their support in doing so. Given the many things currently weighing heavily on Ms. Bacon as the City's only Human

EXTRACT OF MINUTES OF MEETING
OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE

* * * * * * * * * * * * * * * * * *

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 9th day of June, 2014 , at 6:00 p.m.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

RESOLUTION No.

RESOLUTION IDENTIFYING THE NEED FOR LIVABLE COMMUNITIES DEMONSTRATION ACCOUNT FUNDING AND AUTHORIZING AN APPLICATION FOR GRANT FUNDS TO ASSIST WITH THE REDEVELOPMENT OF 2785 FAIRVIEW AVENUE

WHEREAS the City of Roseville is a participant in the Livable Communities Act's Housing Incentives Program for 2014 as determined by the Metropolitan Council, and is therefore eligible to apply for Livable Communities Demonstration Account funds; and

WHEREAS the City has identified a proposed project within the City that meets the Demonstration Account's purposes and criteria and is consistent with and promotes the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

WHEREAS the City has the institutional, managerial and financial capability to ensure adequate project administration; and

WHEREAS the City certifies that it will comply with all applicable laws and regulations as stated in the grant agreement; and

WHEREAS the City agrees to act as legal sponsor for the project contained in the grant application submitted on June 30, 2014; and

WHEREAS the City acknowledges Livable Communities Demonstration Account grants are intended to fund projects or project components that can serve as models, examples or prototypes for development or redevelopment projects elsewhere in the region, and therefore represents that the proposed project or key components of the proposed project can be replicated in other metropolitan-area communities; and

WHEREAS only a limited amount of grant funding is available through the Metropolitan Council's Livable Communities Demonstration Account during each funding cycle and the Metropolitan Council has determined it is appropriate to allocate those scarce grant funds only to eligible projects that would not occur without the availability of Demonstration Account grant funding.

NOW THEREFORE BE IT RESOLVED that, after appropriate examination and due consideration, the governing body of the City:

1. Finds that it is in the best interests of the City's development goals and priorities for the proposed project to occur at this particular site and at this particular time.

2. Finds that the project component(s) for which Livable Communities Demonstration Account funding is sought:

(a) will not occur solely through private or other public investment within the reasonably foreseeable future; and

(b) will occur within three years after a grant award only if Livable Communities Demonstration Account funding is made available for this project at this time.

3. Represents that the City has undertaken reasonable and good faith efforts to procure funding for the project component for which Livable Communities Demonstration Account funding is sought but was not able to find or secure from other sources funding that is necessary for project component completion within three years and states that this representation is based on the following reasons and supporting facts:

(a) On June 9, 2014, the City Council approved the establishment of a Housing TIF district for the redevelopment of 2785 Fairview Avenue in 190 units of mixed income rental housing. The project will be leveraging other sources of funds for other uses in the project; however, the existing sources are insufficient to pay for all eligible costs, and the cost for putting in a public road, improving the storm water management improvements and assistances with acquiring the site fall outside the boundaries of the TIF district and are not eligible costs under the low income housing tax credit program. The Roseville HRA also has contributed CDBG funds to assist with the creation of affordable housing mix.

(b) Linking the development to a park and ride is an important element of the project. However, the city's capital improvement budgets for 2014 and 2015 does not have enough funding for the completion of the Twin Lakes Parkway

4. Authorizes its Housing and Redevelopment Authority to submit on behalf of the City an application for Metropolitan Council Livable Communities Demonstration Account grant funds for the project component(s) identified in the application, and to execute such agreements as may be necessary to implement the project on behalf of the City.

The motion for the adoption of the foregoing resolution was duly seconded by Member

, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same: none.

WHEREUPON said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

I, the undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the day of 9th day of June, 2014 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this day of June, 2014.

____
Patrick Trudgeon, City Manager

(Seal)

State of Minnesota - County of Ramsey
Signed or Attested before me on this

_____ day of ________________ 20__

by: Patrick Trudgeon

____
Notary Public

Resolution Drafted by: Jeanne Kelsey, Acting Executive Director of the HRA

____
CITY OF ROSEVILLE
2660 Civic Center Drive
Roseville, MN 55113

This document conforms to City requirements “as to form and content”.

By:______________________________
Mark Gaughan, City Attorney

EXTRACT OF MINUTES OF MEETING OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE

* * * * * * * * * * * * * * * * * *

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 9th day of June, 2014, at 6:00 p.m.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

RESOLUTION No.

RESOLUTION EXPRESSING INTENT TO CREATE AND ADMINSTER A HOUSING TAX INCREMENT FINANCE DISTRCIT FOR AND CONSIDER THE WAIVING OF SEWER ACCESS CHARGES FOR THE REDEVELOPMENT OF 2785 FAIRVIEW AVENUE

WHEREAS, the City of Roseville has been working to redevelop the Twin Lakes Area and has identified a need for mixed income housing to meet the community needs identified in the 2013 Comprehensive Multifamily Housing Needs Analysis; and

WHEREAS, the City Comprehensive Plan goal is to provide a wide variety of housing options in order to retain and attract a diverse mix of people and family types with various economic statuses, ages, and abilities; and

WHEREAS, the City has been working to redevelop a contaminated and blighted property in the Twin Lake Redevelopment Area; and

WHEREAS, the City has adopted the Twin Lakes Public Financial Participation Framework on March 3, 2008 and the proposed project meets 1/3 of the scoring criteria for Tax Increment Financing Assistance in the Twin Lake Redevelopment Area; and

WHEREAS, Sherman Associates has been working on redeveloping 2785 Fairview into 190 units of mixed income housing; and

WHEREAS, it is anticipated that to successfully redevelop 2785 Fairview into mixed income housing will require assistance in the form of Tax Increment Financing in order to achieve financial feasibility; and

WHEREAS, the City will consider the waiving of Sewer Access Charges if so determined the need exists.

NOW THEREFORE BE IT RESOLVED, that subject to further verification of development financing need that substantiates that "but for" the use of Tax Increment Financing for the redevelopment of 2785 Fairview would be unable to proceed and Sewer Access Charges need to be waived, the City intends to create and administer a Tax Increment Finance district limited in terms sufficient to minimally meet financial requirements of the development in compliance with state statutes.

The motion for the adoption of the foregoing resolution was duly seconded by Member

, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same: none.

WHEREUPON said resolution was declared duly passed and adopted.

Establish TIF district and waiving of SAC fees for the redevelopment of 2785 Fairview

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

I, the undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the day of 9th day of June, 2014 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this day of June, 2014.

____
Patrick Trudgeon, City Manager

(Seal)

State of Minnesota - County of Ramsey
Signed or Attested before me on this

_____ day of _______________ 20__

by: Patrick Trudgeon

____
Notary Public

Resolution Drafted by: Jeanne Kelsey, Acting Executive Director of the HRA

____
CITY OF ROSEVILLE
2660 Civic Center Drive
Roseville, MN 55113

This document conforms to City requirements "as to form and content".

By:_____________________________
Mark Gaughan, City Attorney