

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
JUNE 17, 2019 REGULAR MEETING MINUTES

I. ORGANIZATIONAL BUSINESS:

1. CALL TO ORDER: President Jeff Lunde at 7:00 p.m.

ROLL CALL PRESENT: President Jeff Lunde, Vice President Lisa Jacobson and, Commissioners Mark Mata, Terry Parks, Susan Pha and Tonja West-Hafner, Executive Director Kim Berggren and EDA Secretary Theresa Freund
ABSENT/EXCUSED: Treasurer Wynfred Russell.

2. PUBLIC COMMENT AND RESPONSE:

2. A Response to Prior Public Comment: None.

2. B Public Comment: None.

3. APPROVAL OF AGENDA

MOTION WEST-HAFNER, SECOND LUNDE APPROVING THE AGENDA AS PRESENTED. MOTION PASSED UNANIMOUSLY.

II. STATUTORY BUSINESS:

4. CONSENT:

4.1 Consider Approving EDA Meeting Minutes.

MOTION WEST-HAFNER, SECOND PARKS TO APPROVE THE APRIL 15, 2019 EDA MEETING MINUTES. MOTION PASSED UNANIMOUSLY.

5. PUBLIC HEARINGS:

5.1 None.

6. GENERAL ACTION ITEMS:

6.1 Consider Amending the 2019 Economic Development Authority Budget in the Amount of up to \$78,000 for a Qualitative Study of Evictions in Brooklyn Park and Authorizing Staff to Enter into an Agreement for Research with the Center of Urban and Regional Affairs.

MOTION PHA, SECOND LUNDE TO AUTHORIZE STAFF TO ENTER INTO AN AGREEMENT FOR RESEARCH WITH THE CENTER FOR URBAN AND REGIONAL AFFAIRS.

Due to Commissioners concerns and questions that were not able to be answered at the meeting, it was decided to table this item.

MOTION JACOBSON, SECOND LUNDE TO TABLE THIS ITEM. MOTION CARRIES (4 TO 2). COMMISSIONERS MATA AND PHA VOTED NO.

III. DISCUSSION:

7. DISCUSSION ITEMS

7.1 Status Update – Kim Berggren highlighted the following:

- Home2 Suites and Hampton Inn held a nice grand opening.
- Suite Living had a ground breaking, which is the development right next door to city hall. There will be thirty-six units of senior housing.
- Pancheros Mexican Grill had a grand opening.
- Staff continues to launch BrookLynk this spring. It is a busy time of the year for them. BrookLynk held a high-quality supervisor training on May 22. Today was the start date for most of the summer interns. The city is hosting sixteen internships, including one in the Community Development Department. Staff has been welcoming those interns onboard.
- The groundbreaking for the temporary plaza park at 85th and West Broadway was held June 12th. It received media attention by Channel 5.
- This is a good opportunity to thank North Hennepin Community College President Barbara McDonald for all the work she has been doing in the community. She has accepted a different position and will be leaving the college. Staff has been engaging on how to continue the conversation around the Center for Innovation and the Arts with the other leaders in that project.
- We are close to finishing the Clubhouse renovation. D’Amico held a grand opening for the newly remodeled Brooklyn restaurant. They were able to highlight the facility and all the interior and exterior improvements, the back patio. They are still some additional work that you will see happen to finish out that project.
- Staff has included the Metro Blue Line Extension information in your packet. There are a couple of updates on what is happening along the corridor in terms of planning effort. The county is launching, in partnership with the cities, a marketing and branding effort for the corridor. We are also launching a wayfinding planning process and that is being funded by the federal transit administration through a grant that was receive a couple of years ago.

7.2 Housing Update – Erika Byrd highlighted the following:

- The EDA directed staff to update and renew the Brooklyn Park homeowner programs. These updated programs launched on June 1 and there is a flyer in commissioners’ packets. Staff has been sharing it on social media, at various housing fairs and it will be in the Park Pages next month.
- Staff put together a draft of the Tenant Protection and Notification Ordinance and will be bringing that to the Human Rights Commission on Thursday for discussion. We will be doing engagement with other stakeholders in June and July.

- The Autumn Ridge landscaping and storm water retrofit project is having a kickoff event on Wednesday for residents and partners to attend a rain garden education and stewardship. There are plans to host a picnic and volunteer planting event this summer.

7.3 Business Forward Advisory Board Update – Daniela Lorenz reported that the Business Forward Advisory Board is the board that answers to the entire Business Forward Initiative that the city undertook in 2012. In 2012 after hearing from the city’s business community that they wanted more voice in conversations and to have an open dialogue with the city about how policies affect businesses, the city brought together and convened a group of eleven business representatives. This group put together some recommendations that formed the initiative.

There are six initiatives that guide the board’s work today and the work that comes out of my office as well. This is the best example we have of the business community talking to us and telling us what they need from the city and the Community Development Department.

One of the recommendations of that larger task force in 2012 was to form a committee or a board, which is where the Business Forward Advisory Board comes from. The purpose of that board is to provide recommendations and tangible outcomes to us. The board meets from September to May and they give staff recommendations, policy updates, initiatives that were undertaken and they also bring forward items that they have an interest in as well.

There are currently eleven advisory board members and there is space for fifteen. This summer I will be recruiting more members. This year Matt Rau from Takeda and Curt Medina from Daily Dose Café are new members. This years’ Planning Commission representative is Marshall Spears and City Council representative is Lisa Jacobson.

Successes from the last three years of the seven-year program are listed and four are highlighted:

- Initial Feedback on the SAC/WAC Reduction Program, that was brought to the EDA in April.
- They were very interested in the age friendly community discussion and talked with the consultant that came. They want to continue to be involved.
- They talked about the idea of being food truck friendly in Brooklyn Park and gave good feedback on how the business community can play a role.
- They are also very interested in green and organics that are being spurred by Hennepin County’s new organics recycling discussion and ordinances that will be put in place in 2020.

Some of the 2019-2020 board priorities include:

- An increased focus on cultural and racial equity work and what that means for businesses. What they can do regarding hiring practices and policies they have.

- They are also interested in the green and clean initiatives and how they can be proactive about green energy solutions by bringing recycling and organics into their businesses.
- Workforce development is always number one when you talk to businesses. There is some interest in opportunities for training for themselves modeled a bit after what BrookLynk does for their supervisor trainings.
- A continued focus on age friendly community work and using the recommendations that came out of that work to inform the conversation going forward.

Commissioner Mark Mata reported back in 2011 and 2012 he attended some of the business community meetings. In future meetings, he would like businesses to be asked about issues they are having and not just the positives. There should be a lot of focus on what are some of the negative experiences so that we can correct them.

Commissioner Tonja West-Hafner asked for further information on the green and clean initiative. Daniela Lorenz stated a lot of discussion was spurred by having Hennepin County coming in and talking about 2020 recycling organic ordinance changes. The County brought ideas on how businesses can implement change even if they are not a high user. This will be an evolving conversation with the board who meets once a month. Staff can have other experts brought in.

IV. WORK SESSION: Commissioners recessed at 7:59 pm from the Council Chambers and reconvened at 8:12 pm in the Brooklyn Township Conference Room. Present: President Jeff Lunde, Vice President Lisa Jacobson and, Commissioners Mark Mata, Terry Parks, Susan Pha and Tonja West-Hafner, Executive Director Kim Berggren and EDA Secretary Theresa Freund. Absent/Excused: Treasurer Wynfred Russell. This portion of the meeting was not televised nor videotaped but was open to the public.

8. WORK SESSION ITEMS

8.1 Discuss a framework for Naturally Occurring Affordable Housing (NOAH) Preservation Program and Provide Direction to Staff to Bring Back Standards for Participation. Breanne Rothstein gave the following presentation.

A little bit of context of this work:

- Rents are rising and property values of apartments are rising. We are hearing that from residents as well as seeing that in sales data. The Fountains was recently sold to an investor in Colorado and the value on that was quite above what was listed as estimated market value. Also, regionally rents are rising rapidly and property values of apartment buildings are continuing to increase, attracting outside investment into those buildings. Especially when you think about the relative affordability of those aging apartment buildings in context of east coast and west coast investment.
- The importance of preserving existing affordable housing is increasingly hot topic. We know it is very expensive to do new, affordable housing. It takes deep subsidy to do that. Brooklyn Park is in a situation where we have a lot of market rate affordable housing. Cities like Brooklyn Park have started to experience turnover and rapid increases in rents in those types of buildings.

- In both March and April, the EDA had a discussion on the importance of this work and directed staff to bring back a Naturally Occurring Affordable Housing Preservation Policy.

A quick note about affordability, the commonly accepted standard is a unit that is priced at what a family making 60% of the area median income could afford and those rents are set on an annual basis. They are set by unit size and based on the number of bedrooms. In 2018 a two-bedroom rent level would be \$1,273 and would be considered affordable to those households making 60% of the area median income. The area median income is in the \$90,000 range. This takes all the households in the seven-county metro from homeless to living in mansions. The rents include utilities.

In terms of the program framework for NOAH in the EDA packet goes through some of the specifics. We would like to highlight that when we look at the housing set aside fund and available resources, this framework anticipates a preservation goal of 500 units of currently market rate or naturally occurring affordable housing. Our goal would be to preserve 500. Our estimate is that we have around 5,000 units of naturally occurring affordable housing. When we look at a program framework it will be important to identify the need to geographically disburse those units. We do anticipate the ability to fund multiple projects with this framework and we would ask for thirty years of affordability. Since the vast majority of our units are already renting out at 60% of area medium income, this would then suggest that rents would have to be stabilized at around that level. Those numbers I showed for 60% AMI rents, those change every year with market fluctuations and the increase in AMI. So that number would be adjusted annually and the affordability would be tied to that number.

The framework would also establish standards for unit quality and rehab. If we participate and invest in these properties to maintain long term affordability, we would also require the unit to be of a certain quality and potentially would likely be rehabbed. Just as important as affordability is living conditions. We could have a whole stack of affordable housing that was in poor quality. If the city is going to participate in helping to preserve that housing, we would also like to participate in improving the quality.

Management expectations and tenant engagement expectations would also be flushed out as part of the standards development for the NOAH Preservation Program.

We do anticipate that each deal that we enter into would be evaluated, reviewed and approved by the EDA similar to our other business development or business subsidy programs but the framework would provide a signal to the market to both existing owners and potential buyers of properties that this is the source available to them should they be interested in affordability. We do see the primary market for this program being nonprofit housing developers that are seeking to take advantage of the NOAH impact funds at the state level. It doesn't necessarily limit to that type of buyer. It could be an existing owner looking to rehab and be willing to maintain rents at that level.

The funding source is the housing set aside dollars which is pooled TIF dollars. The city received special legislation to pool those dollars into a housing set aside fund. This fund can only be used for affordable housing

development for rehab. Staff doesn't envision the desire or need to have flexibility when evaluating these which is why we are proposing to do them as individual deals. We could see either 100% affordable or a mix income project. We would prefer and potentially bring forward deals that were mixed income due to comments earlier about the desire to disburse both type and affordability level of housing within the community. Also, these deals could be done as grants or loans. We would prefer loans because they are repayable and the funds can be reused as they get repaid. Staff does not want to preclude the ability to grant out the funds either as part of the program framework.

Finally, one of the pieces we have gotten feedback in preliminary discussions from developers who might take advantage of this program is that the 4D tax benefit is also a critical piece of making these deals work. We have a little bit more information about the 4D Tax Program. It is state law that allows a tax benefit, property tax discount or benefit to property owners that provide affordable housing. Again, that is at that same 60% AMI level, which is why we are proposing that level for our NOAH Program. It reduces property taxes for those units that are then are restricted to those 60% AMI rents. It is anticipated that that is about \$40 to \$50 per month, per unit tax benefit to the owner. There is compliance reporting and the standard 4D program is ten years. The unit must be restricted by its rents and the tenant living there. Minnesota Housing implements those compliance requirements. As part of the NOAH Preservation Program we recommend that that needs to be coupled with a 4D tax benefit.

Some other provisions to be discussed are a prequalification process be an option for developers so that they know the city is a willing partner with them so that they can be ready to buy a property should it come to market or should they get an opportunity to make an offer before it comes to market. These things happen very fast so that is the purpose of this framework. Also allowing for the option of a developer to get prequalified. We wouldn't require it if there was a buyer that was interested in taking advantage of the program that didn't know about the program ahead of time. We anticipate minimum standards being set for the July approval of the program for rehab and unit improvements, community engagement and resident support.

What we are looking for tonight is a discussion on any of these high-level framework provisions and then we anticipate bringing back program framework and standards for approval in July. So, we are trying to take a baby step here to introduce the idea and get feedback from commissioners on what you have heard tonight or read in your packet so that we can structure a program. I would like to reiterate that each deal would be done in partnership with a developer who would come to the table with their proforma and ask the EDA. There is real interest in this program. We have met with several different developers who are very interested in taking advantage of both the NOAH Impact Fund at Greater Minnesota but also to be able to access dollars from the city.

Commissioners discussed priorities and provided feedback to staff. Staff will do preliminary research on how small developers can access subsidies. At the July EDA meeting staff will bring an updated NOAH Preservation Program proposal and corresponding guidelines.

- 8.2 Review and Discuss Reaffirmed Regent Site Vision Statement and Next Steps on Redevelopment and Direct Staff to Conduct Community Engagement Around a Draft Vision in Conjunction with an Interested Developer. Breanne Rothstein stated this item is being discussed because there is interest in the Regent site.

This site is on the southwest corner of Regent Avenue North and Brooklyn Boulevard. The EDA acquired the property in 2007 and relocated several hundred households and demolished the existing, aging apartment buildings. The site has been vacant for 10 years and there has been a series of planning efforts and analysis that have been completed. The reason we are bringing this item forward now is because of the strategic direction given by the EDA to take advantage of the Opportunity Zone and because staff has been approached by a developer who is interested in developing the site.

The most notable and clear direction given to staff was a study completed in conjunction with the community, the Corridor Development Initiative project that was completed in 2008. That developed what is called Huntington Development Guidelines which was a series of community meetings. About 60 community members were engaged in those forums and certainly public officials participated as well in the facilitated discussion. What really came out of that was a vision statement around three goals:

1. Build community assets and build character. This is about urban design. Making sure the buildings and the public spaces are oriented and designed in a way that are going to encourage the best possible development and safest development.
2. Connect amenities with surrounding area. Particularly connecting Brooklyn Boulevard with the school, businesses and trails along Brooklyn Boulevard with the Shingle Creek corridor. Really drawing people into the site and designing it in a way that would encourage utilization of the amphitheater, the public trails and natural resources that are along the creek corridor.
3. Consider a variety of development strategies that strengthen the tax base. This is where we are recommending some amendments to the language that is in the current vision. To say considering a variety of development strategies that strengthen the tax base.

A large focus of the Corridor Development Initiative was around recreational uses. As we have learned with TIF funding that can't be the primary use of the site. What we are specifically looking for tonight is a discussion along broadening the allowable land uses on that property to include a variety of uses. Goal #3 was clearly developed in 2008 with no rental housing. Is there a willingness to consider that as part or piece of a larger development framework? That is where the interest lies right now in the development community. Although I think we can work with this interested developer to do a variety of uses. We are looking for direction for commissioners to reaffirm the vision and to garner any willingness to consider rental housing on the site. Also, should we be moving forward with this interested developer in a good faith manner. With that I am happy to answer any questions or go through any of the details of what staff are looking for.

Commissioners asked staff questions, gave their opinions and offered suggestions. Consensus was no rental.

V. ADJOURNMENT

Meeting adjourned at 9:29 p.m.

Respectfully Submitted
EDA Secretary Theresa Freund