



Monday, June 3, 2024
6:00 PM

SPECIAL EDA WORK SESSION – AGENDA #7

President Hollies Winston, Vice President Nichole Klonowski, Treasurer Christian Eriksen, Commissioners Boyd Morson, Xp Lee, Tony McGarvey, and Maria Tran, Assistant Executive Director Jay Stroebel and Secretary Seng Moua.

If you need these materials in an alternative format or reasonable accommodations for an EDA meeting, please provide a 72-hours' notice to Seng Moua by calling 763-493-8059 or emailing Seng.Moua@brooklynpark.org.
Si usted necesita esta información en español, llame al 763-424-8000 y solicite un intérprete.
Yog xav tau kev pab, hu 763-493-8059.

Our Vision: Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

Our Brooklyn Park 2025 Goals:

• A united and welcoming community, strengthened by our diversity • Beautiful spaces and quality infrastructure make Brooklyn Park a unique destination • A balanced economic environment that empowers businesses and people to thrive • People of all ages have what they need to feel healthy and safe • Partnerships that increase racial and economic equity empower residents and neighborhoods to prosper • Effective and engaging government recognized as a leader

I. ORGANIZATIONAL BUSINESS

1. CALL TO ORDER/ROLL CALL

II. WORK SESSION – The Work Session will be recorded but not televised.

2. WORK SESSION

- 2.1 Consider A Senior Housing Proposal from MWF Properties at 7849 West Broadway
- A. LOCATION MAP
 - B. ABOUT MWF PROPERTIES
 - C. EHLERS OVERVIEW MEMO
 - D. LETTER OF SUPPORT FROM REVIVE CHURCH

III. ADJOURNMENT

The Brooklyn Park Economic Development Authority's Agenda Packet is posted on the City's website.

To access the agenda packet, go to www.brooklynpark.org

The Next Scheduled EDA Meeting is Monday, June 17, 2024.

City of Brooklyn Park EDA WORK SESSION

Agenda Item No:	2.1	Meeting Date:	June 3, 2024
Agenda Section:	Work Session	Prepared By:	Sarah Abe, Development Project Coordinator
No. of Attachments	4	Presented By:	Sarah Abe, Development Project Coordinator
Item:	Consider Senior Housing Proposal from MWF Properties at 7849 West Broadway (Revive Church site)		

Overview:

This discussion is to consider an affordable senior project at 7849 West Broadway. The current owner of the property, Revive Church (currently a tax-exempt use), has been interested in selling the western portion of its property for development for some time. Several proposals on the site have not gone forward in the past five years for various reasons. MWF Properties has come forward with a two-phased, total 300-unit proposal which would require EDA support. The discussion today is to consider the EDA's interest in financial support for this project. Should the EDA be interested in moving forward, the next step is a preliminary resolution of support from the City Council for a tax-exempt bond application to the Minnesota Office of Management and Budget (MMB) which is due at 4:30 p.m. on June 24.

Background:

Revive Church has been seeking a development project for this site for several years. In the past five years two projects have been proposed, including the initial proposal from Real Estate Equities for a 282-unit affordable housing community. Real Estate Equities is now developing a 350-unit project on Decatur Drive and moved to that site in part due to development difficulties at 7849 W Broadway. A significant factor in development difficulty has been the required addition of a new public road through the property. During discussions on the previous proposal, City staff concluded that the City would likely need to support construction of the road in order to advance development at that location.

The project is located off West Broadway, which is planned for a future Light Rail expansion, and near the existing Starlight Center transit station. Once constructed, the METRO Blue Line Extension would provide convenient access to residents. Additionally, this site is located within a Transit Oriented Development (TOD) zoning district and is not immediately adjacent to existing apartments in the community. With pedestrian access to retail and proximity to existing and future transit options, this site was identified as an ideal location for housing. This site is guided and zoned for multi-family housing, and it is anticipated that apartments will be constructed on this site.

Previous planning and community engagement efforts highlight the need for a variety of different rental housing types in Brooklyn Park, particularly newer affordable housing located throughout the city with options accessible to residents and connections to transit. Development of multifamily rental housing on the proposed project site would be consistent with the following prior planning work:

- Stable Neighborhood Action Plan (2005)
- Brooklyn Park Station Area Plans (2016)
- Bottineau Community Works Station Area Housing Gaps Analysis (2018)
- Bottineau Community Works Station Area Development Assessment (2018)
- Transit Oriented Development Zoning Update (2018-2019)
- Brooklyn Park 2040 Comprehensive Plan (2020)

Primary Issues/Alternatives to Consider:

- **What is the vision for the site?**

Phase I and Phase II of the project are both proposed to contain approximately 150 units for a combined total of 300 units on the western 9 acres of 7849 W Broadway. The development would consist of studio, 1, and 2-bedroom units with 2% of the units affordable to households at or below 30% of the area median income (AMI), 92% of the units affordable to households at or below 60% AMI, and 6% of the units affordable to households at or below 70% AMI. The project would be 4 stories in height and each phase would include underground parking, in-unit laundry, fitness room, library, community room with kitchen, bike storage, lockable resident storage, balconies on select units, an outdoor dog run and outdoor amenity area (firepit, seating area, etc.).

Revive Church is supportive of a senior development at this location. Ideally, the project and use of the site would complement their church. While open to other types of development, this mission component is in part why Church leadership is supportive of this affordable senior housing proposal.

Table 1. Combined unit number and estimated rent for both Phases

Bedrooms	30% AMI		60% AMI		70% AMI	
	Units	Rent*	Units	Rent*	Units	Rent*
0 / Efficiency	6	\$652	-	-	-	-
1	-	-	214	\$1,398	-	-
2	-	-	62	\$1,677	18	\$1,956
Total	6	-	276	-	18	-

*Estimated rent is based on 2024 numbers from the U.S. Department of Housing and Urban Development

- **Who is the developer?**

MWF Properties has developed over 3,300 housing units across the Midwest since 1999. They focus on quality construction and aesthetically pleasing projects and are dedicated to a project from start to finish. MWF has an in-house property management company called Velair Property Management which has been voted as one of the top property management companies in the State of Minnesota in 2022, 2023, and 2024 by propertymanagement.com. Other properties developed by MWF include Thomas Ave Flats in St. Paul and Harvestview Place in Rochester, MN; other senior affordable projects in the area include Oakdale Commons in Oakdale, MN, and Oxboro Heights in Bloomington, MN.

- **Why this proposal for this property?**

The developer has identified the following public benefits of this proposal:

- Redevelopment of a currently tax-exempt site, increasing the tax base.
- A high-quality new construction senior housing project would elevate the rental housing options in the area and provide a convenient maintenance-free option for seniors currently residing in the community that are looking to downsize.
- Support the City's goal of housing options available to senior residents near the future Brooklyn Boulevard Blue Line LRT station.
- The City would receive payment for acting as the issuer of tax-exempt bonds.

MWF has completed a survey of the market rents in the area and found that the proposed 60-70% AMI rents would be the highest rents in this area of Brooklyn Park. See Table 2 below for the survey of nearby properties. Additionally, there is only one senior-oriented project with age restrictions among the group of comparable properties. This could indicate unmet demand in Brooklyn Park for a rental housing option catered to independent seniors. According to a market study completed by Maxfield Research in 2022 focused on the Zane Corridor, the population of people aged 65-74 is anticipated to increase by 10.6% between 2022 and 2027 and the population aged 75+ is anticipated to increase by 18.1% over the same period.

Table 2. Survey of existing rents in the area

Building Name	Address	Units	Yr Blt	Studio	1 Beds	2 Beds	3 Beds
	PROPOSED RENTS			\$629	\$1,371	\$1,645	-
Fountains in the Park	5770 73rd Avenue N	96	1967		\$1,237	\$1,525	
The Regent	8447 Regent Avenue N	186	1972		\$1,161	\$1,465	\$1,607
Imperial Gates	7449 Imperial Drive N	66	1965	\$960	\$1,119	\$1,329	\$1,525
Creekside Cables*	7601 Zane Avenue N	90	1969	\$1,062	\$1,117	\$1,265	
Villas Del Coronado	8104 Zane Avenue N	192	1971		\$1,115	\$1,320	
Granite Ridge	7531 Jersey Avenue N	92	1968		\$1,089	\$1,380	
Pebble Creek North	5625 69th Avenue N	190	1973		\$1,063	\$1,180	
Moonraker	5521 Brookdale Drive	205	1969		\$1,060	\$1,450	
Windsor Gates	6200 78th Avenue N	201	1970		\$1,025	\$1,347	
Point of America	7870 Zane Avenue N	270	1968		\$1,020	\$1,320	
Ridgebrook	5840 73rd Avenue N	144	1969		\$963	\$1,305	
Kensington Place	8302 Zane Avenue N	172	1969		\$935	\$1,289	\$1,410

*Senior property

- **What is the proposed financing structure?**

MWF intends to submit two applications requesting tax-exempt bonds through MMB and Low-Income Housing Tax Credits (LIHTC) through Minnesota Housing. These two state agencies work in partnership to allocate and administer the 4% LIHTC program in Minnesota. The purpose of this program is to leverage private capital and tax credit equity to support development of new affordable rental housing. Developers' who utilize this program are required to maintain a specified number of units that meet both income and rent restrictions for 30 years.

MWF is also requesting 15 years of Tax Increment Financing (TIF) from the EDA to support the project. A table of sources and uses is below. Note: a financial gap remains and additional resources will be required to support development of the project and construction of the public infrastructure improvements. MWF is working to fill the remaining financial gap and reviewing grant and loan programs from other agencies.

Table 3. Proposed sources and uses

Sources	Uses		
First Mortgage	\$22,447,000	Acquisition costs	\$1,320,000
TIF Note	\$650,000	Construction costs	\$37,960,545
Equity	\$100	Professional services	\$1,065,000
Tax Credits	\$21,323,396	Financing costs	\$3,957,465
Deferred Developer Fee (75% of total)	\$3,495,150	Developer fee	\$4,650,000
Other public sources	\$50,000	Cash accounts/escrows/reserves	\$780,796
<i>Gap Remaining</i>	<i>\$1,768,160</i>		
Total	\$49,733,806	Total	\$49,733,806

- **How will this project contribute to tax base?**

This project will develop a currently vacant, tax-exempt piece of privately owned land located in the west part of the city. The Estimated Market Value (EMV) for each Phase of this project is anticipated to be \$25,500,000, or approximately \$170,000 per unit. The combined EMV for both Phases is approximately \$51M.

With the proposed TIF financing for this project, 90 percent of annually available tax increment would go toward supporting the project cost for no more than 15 years. This project will be eligible for 4d(1) tax classification (commonly referred to as the affordable housing tax classification), which will significantly reduce the amount of property taxes owed as long as the project maintains affordability. After the note is fully paid, the City Council could de-certify the district or keep it open through 26 years and collect increment to fund future affordable housing.

- **What public infrastructure is needed for this project?**

A new collector road through the development property and two adjacent properties is identified in the 2040 Comprehensive Plan. The road would be an extension of Candlewood Drive from West Broadway to Jolly Lane and service much more than the development with an estimated 3,000-4,000 cars daily. This construction would fit in well the city's goals for transit-oriented development at this location and the plans for the future light rail.

The road is anticipated to cost approximately \$1.3-1.7 million. Typically, a city would require the developer to support this cost. However, the road bisects three properties and multiple development projects have not advanced on this site because the anticipated cost is greater than the proposals could support. City staff are discussing opportunities to provide funding for this project and exploring at what level the developer can contribute. Possible additional funding sources for the road include:

- Developer contribution
- Regional, State or Federal grants
- EDA funds (TIF, TIF 3, loan, etc.)

Should the EDA support moving forward with this project, staff would continue to explore additional funding sources. Details of this extension would be finalized through the land use review and approval process.

Budgetary/Fiscal Considerations:

The developer has indicated that the project is not viable without EDA financial support. The preliminary analysis from the EDA's financial consultant, Ehlers, indicates that up to 15 years of TIF in an estimated amount of approximately \$650,000 for each Phase may be warranted for this project. Additionally, there may be future EDA contributions requested to support the construction of the required street connection. If the EDA supports this project and desires to see it move forward, staff will continue to collaborate with MWF to identify additional sources of financing to fill the remaining financial gap. Staff will also finalize details of the project for the EDA to consider approval of a term sheet noting the financial terms and the responsible party to lead the street connection project.

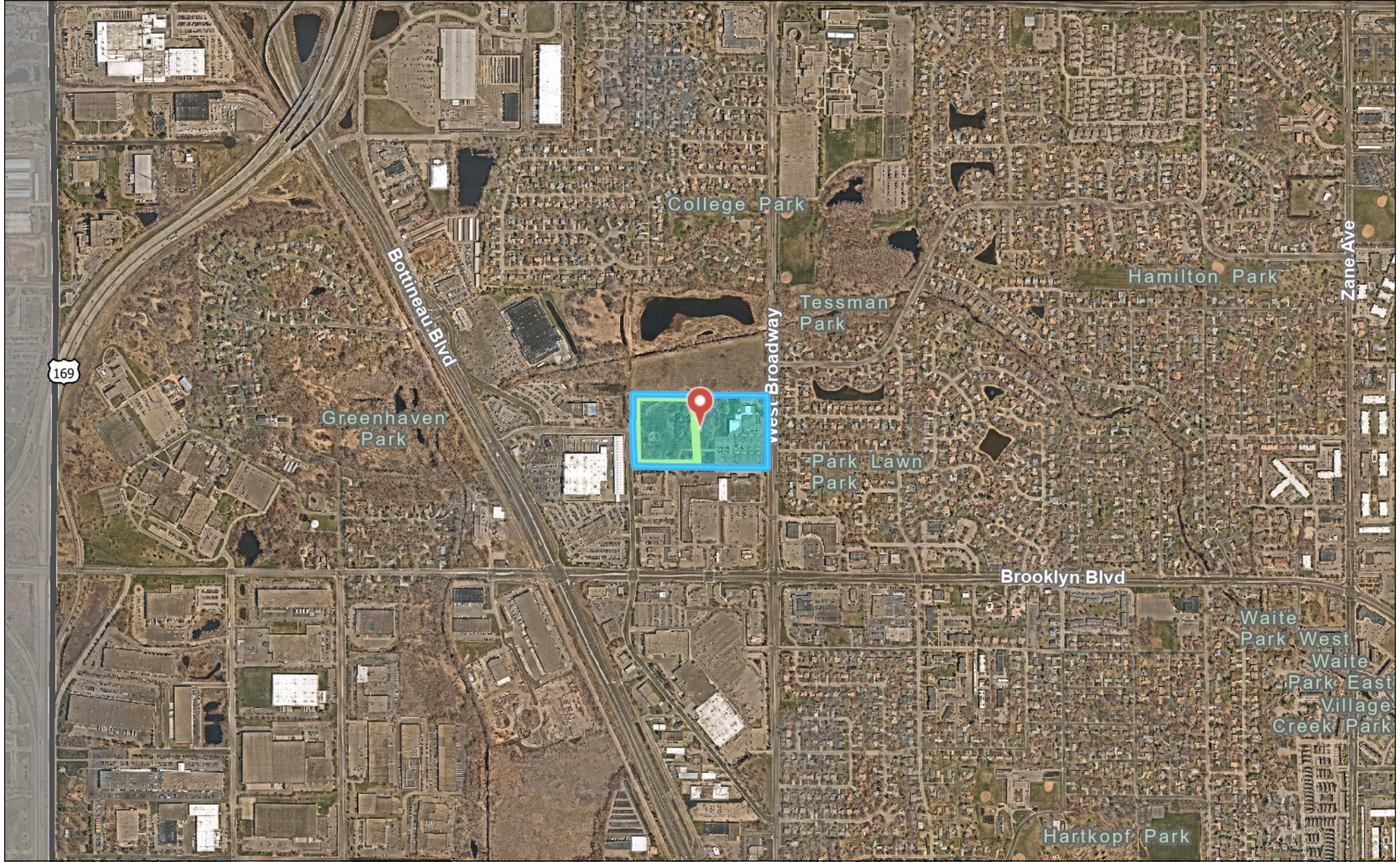
Next Steps:

If the EDA is interested in financially supporting this project, the next step is a resolution of support for MWF's tax-exempt bond application to MMB at the City Council meeting on June 10. Due to the length of the waitlist, the project may not be awarded funding this round and may be waitlisted to reapply in January 2025. If the project is awarded an allocation, there are additional approvals needed from both the EDA and the City Council which are noted below.

- June 10: Request for approval of a preliminary application supporting a tax-exempt bond allocation through MMB (City Council)
- June 24, 4:30 p.m.: Applications due to MMB (Developer)
- Request for approval of a term sheet (EDA)
- Request for approval of replat and site plan (Planning Commission and City Council)
- Request for approval and establishment of a TIF district (Public Hearing, City Council)
- Request for approval for bond issuance (Public Hearing and City Council)
- Request for approval of a development agreement (EDA)

Attachments:

- 2.1A LOCATION MAP
- 2.1B ABOUT MWF PROPERTIES
- 2.1C EHLERS OVERVIEW MEMO
- 2.1D LETTER OF SUPPORT FROM REVIVE CHURCH



Map Scale = 1: 14,476

1,206 ft  1 in

Map provided by the City of Brooklyn Park, MN. This map is for general reference only. It is not for legal, engineering, or surveying use. Please contact the sources of the information if you desire more details. www.brooklynpark.org

MWF Properties – Statement of Qualifications





Developer Experience

2

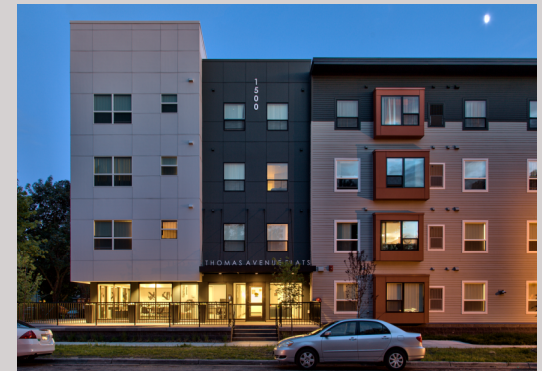
- Since 2000 MWF has developed 3,300 housing units across the Midwest
- Have in house management company, Velair Property Management - Voted "Best" in Twin Cities property management in 2022 and 2023 (top 28 of 268).
- Focus on high quality construction that is built-to-last



Willow Ridge East
Vadnais Heights, MN



Red Rock Square
Newport, MN



Thomas Avenue Flats
St. Paul, MN

Developer Portfolio

3

Property	Total Units	Year Opened	Location
Georgetowne Homes	100	2001	Rochester, MN
Sibley Cove	81	2004	Maplewood, MN
Georgetowne Square	32	2005	Rochester, MN
Lakes Run	52	2006	New Brighton, MN
Village on Third	66	2007	Rochester, MN
Washington Court	38	2007	Minneapolis, MN
Willow Ridge	47	2007	Vadnais Heights, MN
Interlaken Place	48	2008	Waconia, MN
Washington Village West	67	2009	Rochester, MN
Franklin Square	48	2011	Quincy, IL
Laverne Apartments	62	2011	Ames, IA
Washington Village East	47	2012	Rochester, MN
Forest Oak	36	2012	Forest Lake, MN
The Square on 31 st	104	2013	Rochester, MN
Ashland Place	49	2015	Rochester, MN
The Meadows	54	2015	Rochester, MN
Forest Oak 2	36	2016	Forest Lake, MN
1st Avenue Flats	68	2017	Rochester, MN
Lafayette Square	48	2017	Davenport, IA
Red Rock Square	42	2017	Newport, MN
Valleyhigh Flats	60	2018	Rochester, MN
Boulevard	60	2019	Mounds View, MN
Harvestview Place	60	2019	Rochester, MN
Louisiana Lofts	54	2019	Savage, MN
Rosa Place	60	2019	Mankato, MN

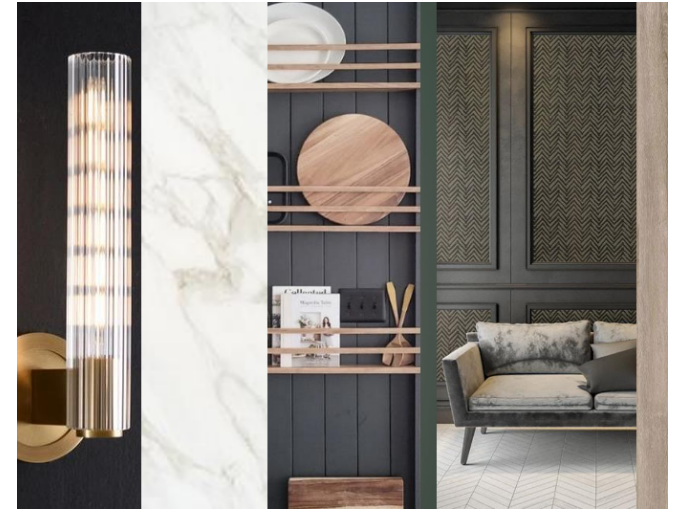
Property	Total Units	Year Opened	Location
Sarazin Flats	57	2019	Shakopee, MN
Thomas Avenue Flats	51	2019	St. Paul, MN
108 Place	42	2020	Bloomington, MN
Harvestview Place II	76	2020	Rochester, MN
Sarazin Flats II	48	2020	Shakopee, MN
Vista Ridge	52	2020	Waconia, MN
Willow Ridge East	36	2020	Vadnais Heights, MN
Amundson Flats	62	2021	Edina, MN
Century Heights	76	2021	Rochester, MN
Lexington Flats	50	2021	Eagan, MN
Lofts at Evergreen Knoll	76	2021	Faribault, MN
Rosemary Apartments	45	2021	Hugo, MN
Rosa Place 2	52	2022	Mankato, MN
Concorde Flats	162	2023	Burnsville, MN
Villas of Mounds View	120	2023	Mounds View, MN
Villas at Pleasant Ave	150	2023	Burnsville, MN
Garland Commons	160	2024	Maple Grove, MN
Oxboro Heights	125	2024	Bloomington, MN
Northern Heights	66	2023	Rochester, MN
Oakdale Commons	168	2024	Oakdale, MN
Villas of Pleasant Ave II	110	2024	Burnsville, MN
Red Rock 2	51	2024	Newport, MN
Valleyhigh Flats 2	51	2024	Rochester, MN
Phalen Village	76	2024	Saint Paul, MN
TOTAL	3,381		

Recent Projects

4



Oakdale Commons
168 units – Senior Affordable
Oakdale, MN
Opening December 2024



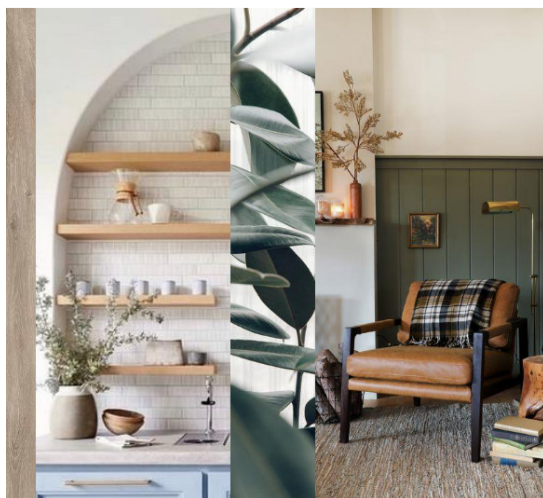
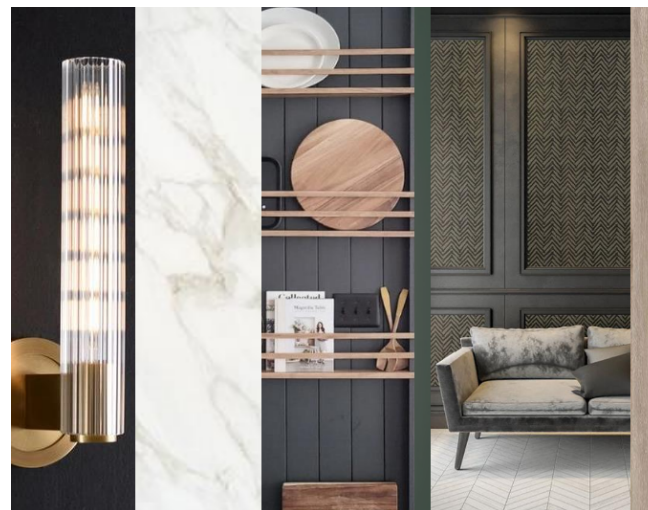
Oxboro Heights
125 units – Senior Affordable
Bloomington, MN
Opened April 2024

Recent Projects

5



The Villas of Mounds View
120 units – Senior Affordable
Mounds View, MN
Opened September 2023



The Villas at Pleasant Ave
150 units – Senior Affordable
Burnsville, MN
Opened October 2023

Project Features

6

- On-site Management
- Balconies
- Fitness Room
- Secure Building Access
- 24-hour Surveillance
- Secure Package Room
- Underground Parking
- In-unit Laundry
- Green Features: LED lighting, Low Flow Fixtures, Recycling Chutes and Receptacles throughout Building

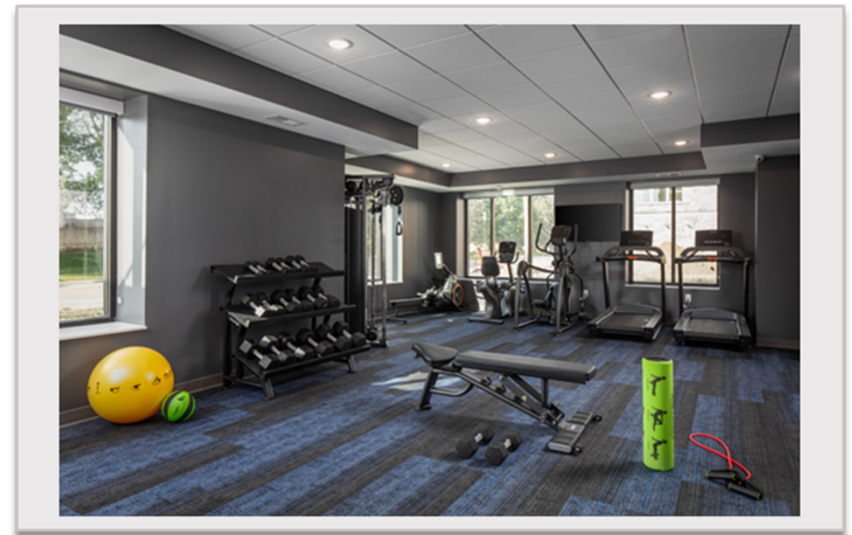


Project Features

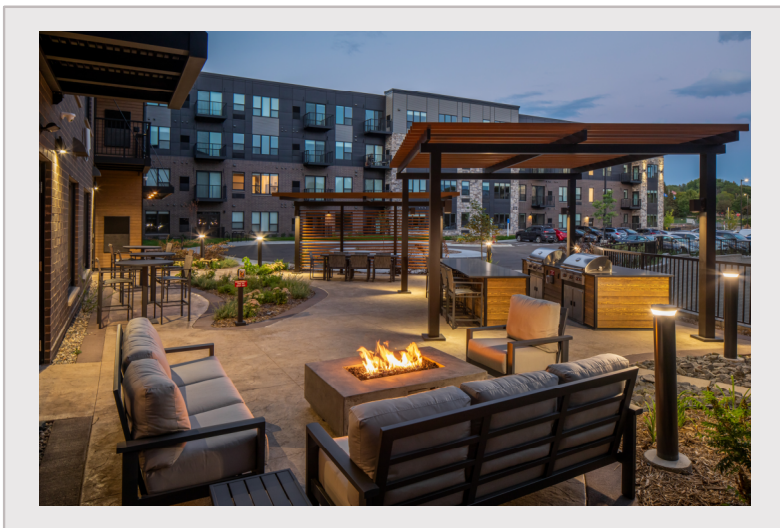
7



Community Room



Fitness Room



Outdoor Patio

Project Features

8



Unit Living Room



Unit Kitchen



Unit Bathroom

MEMORANDUM

TO: Sarah Abe, Development Project Coordinator
FROM: Keith Dahl & Jason Aarsvold – Ehlers
DATE: May 22, 2024
SUBJECT: MWF Properties Development - Analysis of Financial Request

The Brooklyn Park EDA received a public financial assistance request from MWF Properties, LLC (MWF) to develop a two-building apartment community located at 7849 West Broadway. The phase I apartment would contain 150 units and the phase II apartment would contain 150 units (the “Project”). The Project would consist of studio, 1, and 2-bedroom units with 2% of the units affordable to households at or below 30% of the area median income (AMI), 92% of the units affordable to households at or below 60% AMI, and 6% of the units affordable to households at or below 70% AMI.

MWF intends to submit two applications requesting tax-exempt bonds through Minnesota Management and Budget (MMB) and low-income housing tax credits through Minnesota Housing. These two state agencies work in partnership to allocate and administer the 4% low-income housing tax credit (LIHTC) program in Minnesota.

The purpose of this program is to leverage private capital and tax credit equity to support development of new affordable rental housing. Developers’ who utilize this program are required to maintain a specified number of units that meet both income and rent restrictions for 30 years. Income limits and rent maximums are derived by the United States Department of Housing and Urban Development on an annual basis. Based on the proposed affordability levels in the Project, the maximum income and rent limits for 2024 are noted below.

Income Limits by Household Size

	1	2	3	4	5	6	7	8
30%	26,100	29,820	33,540	37,260	40,260	43,230	46,230	49,200
60%	52,200	59,640	67,080	74,520	80,520	86,460	92,460	98,400
70%	60,900	69,580	78,260	86,940	93,940	100,870	107,870	114,800

Maximum Gross Rents by Bedroom Size

	Studio	1	2	3	4	5	6
30%	652	699	838	969	1,080	1,192	1,304
60%	1,305	1,398	1,677	1,938	2,161	2,385	2,608
70%	1,522	1,631	1,956	2,261	2,521	2,783	3,042



Project Overview:

The Developer requested TIF assistance over a 26-year term. Construction of phase I and possibly phase II would commence in 2025 if the Project is allocated enough tax-exempt bonds and receives the necessary tax credits to capitalize the entire development. If not, phase II of the Project wouldn't commence until 2026. Each phase of the Project is estimated to cost approximately \$49.7 million, or \$331,559 per unit.

Based upon our review, the requested term of TIF assistance is more than what is necessary. We've concluded that TIF assistance over a 15-term could be supported in an amount not to exceed \$650,000 for each phase. The tables below provide a summary of the sources and uses for each phase of the Project.

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	22,447,000	47%	149,647
TIF Note	650,000	1%	4,333
Equity	100	0%	1
Tax Credits	21,323,396	44%	142,156
Deferred Developer Fee (75% of Total Fee)	3,495,150	7%	23,301
Other Public Sources	50,000	0%	333
TOTAL SOURCES	47,965,646	100%	319,771

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	1,320,000	3%	8,800
Construction Costs	37,960,545	76%	253,070
Professional Services	1,065,000	2%	7,100
Financing Costs	3,957,465	8%	26,383
Developer Fee	4,650,000	9%	31,000
Cash Accounts/Escrows/Reserves	780,796	2%	5,205
TOTAL USES	49,733,806	100%	331,559

Next Steps:

If the EDA ultimately supports the Project and the anticipated level of public assistance, the next step would be for MWF to submit their applications to MMB and Minnesota Housing. Tax-exempt bonds and low-income housing tax credits are very competitive so there is a possibility it may take a few years for MWF to receive an allocation to move the Project forward. Once they do secure the necessary allocation, Ehlers would conduct another financial review and verification of the Project to determine the final recommended amount of public assistance. From there, final terms would be agreed upon in a Contract for Private Redevelopment between MWF and the EDA, and the process would begin to establish a TIF district.

Please contact Keith Dahl or Jason Aarsvold at 651-697-8500 with any questions.

5/29/24

City of Brooklyn Park
Attn: Sarah Abe, Community Development Dept.
5200 85th Ave N
Brooklyn Park, MN 55443

RE: Letter of Support - MWF Properties Affordable Senior Housing Proposal

EDA President Winston and Commissioners:

Please accept this letter as confirmation of Church leadership's support for MWF Properties proposed 300-unit senior affordable housing project on the west side of our site at 7849 W Broadway. We have pursued partnerships for similar development in the past; and believe senior housing is complementary to our existing use, helping us continue to grow our congregational base. We have met with City Staff and MWF Properties on several occasions regarding the proposal and are confident we can work in partnership to bring a quality project to the site that will help meet unmet demand for senior housing options in the community, while continuing to support the needs of our church family.

Thank you for the opportunity to comment, and please reach out with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Gagnon", with a stylized flourish at the end.

Jeff Gagnon
Executive Ministries/Missions Pastor
Revive Church
763-391-6140