

Housing & Redevelopment Authority

March 10, 2020 – 6:30 pm
Council Conference Room
Golden Valley City Hall
7800 Golden Valley Road

WORK SESSION AGENDA

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1. Housing Strategic Plan	2-15
2. HRA Levy and Budget	17-22
3. Fair Housing Policy	23-26
4. Adjournment	



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EXECUTIVE SUMMARY

Physical Development

763-593-8030 / 763-593-8109 (fax)

Golden Valley Housing and Redevelopment Authority Work Session

March 10, 2020

Agenda Item

1. Housing Strategic Plan

Prepared By

Marc Nevinski, Physical Development Director

Jason Zimmerman, Planning Manager

Summary

In a Council Manager meeting on March 12, 2019, staff presented the annual housing work plan to the City Council. The information covered included a detailed discussion of tools the Housing and Redevelopment Authority (HRA) could use to support affordable housing efforts, including the possibility of adopting an HRA levy. The Council directed staff to develop a Housing Strategic Plan in order to understand how the money generated through a levy might be utilized. In December of 2019, staff reported to the Housing and Redevelopment Authority (HRA) on the steps being taken to conduct a Strategic Planning Process in order to help the City develop goals and priorities around housing for the next 5-10 years. At this work session, staff will update the Commissioners on the progress of these efforts and look for feedback on next steps.

Strategic Plan

Cathy Bennett, of Bennett Community Consulting, has prepared a memo (attached) detailing her findings after collecting input from elected officials, individuals appointed to various City Boards and Commissions, representatives of affordable housing advocacy groups, the Golden Valley Business Council, and the Hopkins School district. The top three identified housing priorities are:

1. Preservation of Existing Housing and Tenant Protections
2. Increase Housing Affordability and Diversify Housing Options and Opportunity
3. Increase the Diversity of Voices in Decision Making

Increased capacity is needed to implement recently adopted and proposed policies and programs. Ms. Bennett highlights two areas, also detailed in her memo:

1. The creation of a staff position dedicated to housing and economic development
2. Adopting an HRA Levy, establishing a Local Housing Trust Fund, and/or adopting a Public Subsidy Policy

Housing and Economic Development Manager

To achieve the goals identified in the Strategic Planning memorandum, staff recommends hiring a new position to focus on the City's housing and economic development interests. The position would be responsible for the following duties:

Housing Duties

- Lead the implementation of the City's housing initiatives, including the Mixed Income Housing Policy, the 4d tax program, the Fair Housing Policy, and the Tenant Protection ordinance, among others.
- Understand and coordinate various funding sources for affordable housing initiatives and development including CDBG, MHFA funding, and tax increment financing.
- Engage with Hennepin County and MHFA to identify resources to achieve housing goals.
- Maintain a current list of affordable housing resources and contacts.
- Monitor the housing market, including monthly rent, vacancy, and trends.
- Build collaborative relationships with multi-family property owners and managers, civic groups, industry groups, and non-profit organizations to advance the City's housing initiatives and serve residents.
- Conduct research, draft policies, and develop initiatives supporting the City's housing and development goals.

Economic Development Duties

- Lead the implementation of the City's economic development strategy, including business retention visits, business attraction initiatives, and promotion of development opportunities.
- Coordinate and promote economic development initiatives (Open to Business, CEO Next), and resources (MIF loans, TIF).
- Support relationships with entities such as the Chamber of Commerce, DEED, Hennepin County, GreaterMSP, commercial real estate brokers, and lenders.
- Research, compile, and update key economic metrics for Golden Valley and monitor other relevant economic trends.
- Maintain a current contact list of Golden Valley businesses.
- Track and monitor economic development related legislation, bills, and resources.

The salary range for such a position is projected to be \$96,000 to \$115,000, plus benefits. An analysis of other cities in the area with similar positions suggests this is a competitive salary. Funding for salary and benefits, plus programmatic resources, are proposed to come from an HRA levy of \$165,000 dollars.

Housing Redevelopment Authority vs. Economic Development Authority

To facilitate community development related activities, the legislature has granted cities the authority to establish Housing and Redevelopment Authorities (HRA) and Economic Development Authorities (EDA), among other entities. HRAs are tasked with two main functions – eliminate or prevent blight and facilitate affordable housing. EDAs are focused on promoting and fostering economic development.

In many ways, the powers of HRAs and EDAs are similar, such as acquiring or selling property, making loans, becoming a project partner, issuing bonds, and employing staff. These activities must be done in the pursuit of HRA or EDA authorized functions. Differences between HRA's and EDA's powers are subtle but important. For example, HRAs can levy outside of a city's levy limits (with Council approval), but EDAs must request the City to levy for economic development funding, which means an EDA levy falls within a city's levy limits. EDAs can invest in businesses to provide equity or venture capital and make improvements to land. EDAs also have the powers of HRAs, and a council can set limits on its EDA powers. The attached comparison provides more detail on the similarities and differences between HRAs and EDAs.

Golden Valley is a fully developed city experiencing reinvestment and redevelopment. In recent years, the City has increased its focus on addressing housing related concerns and developed several tools to enhance its housing resources. For these reasons, staff recommends the Council focus on increasing the HRA's capacity to prevent blight, facilitate redevelopment, and help fulfill Golden Valley's housing goals.

Next Steps

Staff is looking for feedback on the following items:

1. Do the housing priorities identified as part of the Strategic Planning Process, outlined above, feel like the appropriate priorities for the HRA?
2. Is there support for creating a Housing and Economic Development Manager staff position?
3. Is there support for moving forward with the consideration of an HRA levy?

Financial Or Budget Considerations

Moving forward with the above proposals would add a new and additional levy of \$165,000 in 2021 to fund a staff position. Details of this levy are discussed in an executive summary to the HRA prepared by Finance Director Sue Virnig and dated March 10, 2020.

Supporting Documents

- Memo from Bennett Community Consulting dated February 28, 2020 (7 pages)
- Local Housing Trust Fund Manual summary (1 page)
- Golden Valley Renter Snapshot (1 page)
- HRA vs. EDA document (3 pages)



Memorandum

To: City of Golden Valley
Marc Nevinski, Physical Development Director
Jason Zimmerman, Planning Manager

From: Cathy Capone Bennett, Bennett Community Consulting (BCC)

Date: February 28, 2020

Re: Update on Golden Valley HRA Strategic Planning Process

Bennett Community Consulting was hired by the City of Golden Valley's Housing and Redevelopment Authority (HRA) to guide and support the City in the development of a Housing Strategic Plan.

The work is building off the goals and objectives outlined in the City's recently adopted 2040 Comprehensive Plan as well as the research and review of the housing needs, and the policies and tools that have been considered and adopted by the City over the past two years.

The main objective of the process is to develop a Housing Strategic Plan that will solidify the key goals, priorities, actions and funding needs of the City over the next 5-10 years.

SUMMARY OF THE PROCESS

To more fully understand the Golden Valley HRA goals and priorities, the process included the following:

- Input from HRA members through a work session discussion on December 2019 followed by an online survey conducted and completed by all members of the current HRA in January 2020.
- Input from the Human Rights Commission and Rising Tides through a survey outlining the key issues and housing needs of the City.
- Phone interviews with affordable housing advocates, PRISM, representative from the Business Advisory Council and the Hopkins School District. Additional attempts were made to connect with other key businesses in the City and the Robbinsdale School District without response to date.
- Review of the Maxfield Research housing studies, past memos and council work session tape from the March 12, 2019 work session (attached) regarding housing policies and tools adopted and considered by the City.
- The approved 2040 Comprehensive Plan identified the five main goals for housing to include **quality, variety, affordability, sustainability and equity.**
- While the process did not include conversations with developers specifically related to Golden Valley, BCC has extensive experience working with market rate and affordable housing developers within the metro area and understands the key issues and necessary partnerships require to effectively develop housing in the western suburban market. These include:

- **Leadership and “consistency of vision”** are keys to successful communities, especially the alignment of policy direction between elected officials and staff. A clear vision, reacting appropriately to opportunities, and being open to partnering on innovative financial tools to achieve common goals is the most important trait developers look for in a City.
- **Ensuring that the staff’s first contact with the development community is positive can immediately help to build civic trust.** The development community’s perception of a City is often formed by their “first touch” with the staff. Are they friendly, open to ideas and helpful with the City’s development processes? Are they aligned with the vision and goals of the planning commission and council?
- **Be on the forefront of innovation.** Developers are looking for cities that are open to new ideas and aspirations. How easy is it to do small but great things? It’s critical to make it easy for “small actors” to be part of great places.

KEY FINDINGS:

Based upon the survey results, interviews and past research, the following are observed as the **top three housing priorities** for the City over the next 5 -10 years.

- 1. Preservation of Existing Housing and Tenant Protections.** All the interviews and surveys indicated the importance of preserving the existing housing stock and providing options to protect tenants and existing homeowners from being priced out of the City. As a first ring suburb where most of the development occurred between 1950s and 1970’s, the City’s existing housing stock is aging and in potential need of improvement and preservation. Over 55% of the housing stock was constructed during this time. The most affordable housing, both rental and ownership, is within the existing older properties. Golden Valley is a desirable location close to major job centers, great freeway access and only a few minutes from the downtown core of Minneapolis. Given the age of the housing stock and the desirable location, there is an incentive for investors to purchase existing housing. While private investment in existing housing is positive, there are risks of existing residents being priced out of the market and potentially displaced. This is particularly true of the older multi-family housing stock referred to as NOAH (Naturally Occurring Affordable Housing).

Current and Potential Tools and Strategies:

- The City has taken positive steps by adopting programs and policies to protect residents from displacement while encouraging renovation of the housing stock. This includes the tenant protection ordinance and 4d tax reduction program. While these programs are a great preservation strategy, additional focus on working directly with the owners and tenants to educate them on the policies and programs will be important to ensure that they are being effectively implemented and administered.
- An additional strategy to consider is supporting the renovation of older common interest communities (townhomes and condominiums) through a state legislative authority referred to as **Housing Improvement Areas (HIA)**.
- Providing focus on preservation of the older rental and ownership housing and tenant protections will require additional staff capacity than is currently available at the City.

2. **Increase Housing Affordability and Diversify Housing Options and Opportunity in the City.** Sixty-five percent of the housing stock in the City is single family detached home. Most of these homes are over 50 years old. The City has seen construction of new multi-family rental housing since 2016 with over 1,200 new units. However, only 4 percent of those units can be considered “affordable” to a household earning less than 60 percent of the area median income which is \$60,000 for a family of four. Providing opportunities to diversify the housing options in the City and supporting affordable housing opportunities was indicated as a key priority through the surveys and interviews with housing advocates. This includes options for seniors as well as the younger generation.

Current and Potential Tools and Strategies:

- A. **Senior housing.** According to the Maxfield Research report, population growth from 2016 to 2021 is expected in all ages except 45 to 54-year olds. The 65 to 84 age cohorts are projected to have the greatest growth (percentage and numerically) increasing by 941 people (+53.8%) in Golden Valley between 2016 and 2021. In addition, the study indicated that the incomes of the older residents in Golden Valley are lower than the median incomes in the City.

- To address senior housing needs the City should consider providing programs and services for existing senior homeowners to remain in the community. According to the City staff memo dated March 12, 2019, many senior households wish to remain in the City within their existing homes. This does not allow for turn-over of the existing homes to allow new younger residents to purchase the more affordable existing housing in the community. Therefore, it may be beneficial to not only **provide access to services to allow older residents to age in place but also to provide home renovation programs and support new senior housing options that would be affordable for the existing residents to move into;** freeing up the existing housing stock for younger generations.
- While a few senior housing projects have been developed in the City since 2016, it can be assumed that the majority of the projected growth of those over age 65 will be from existing residents aging in place indicating a need to prioritize housing programs and services for older residents in the City. This can **include home renovation programs including accessibility and visit-ability improvements to existing homes, deferred maintenance and support of increasing multi-generational improvements or options to allow units to be constructed on site or within existing building footprint called accessory dwelling units (ADU).** Also providing access to senior housing services such as in-home health care, transportation options and listing of senior independence and/or assisted living facilities in the area would help to support the senior residents with options to move from existing single family homes to more maintenance free living.
- Also, while Golden Valley is fully developed the City should **consider options to support affordable senior housing development** through increased density of redevelopment parcels in the City.
- The survey of key stakeholders also indicated the concern related to increases in taxes on senior households. **Providing support through tax rebate type programs, lower rate of**

service fees or other concessions could be an option for lower income seniors in the City. However, while this may be a valid concern, additional study should be completed to understand the full extent of the issue.

- B. Opportunities to retain and attract younger generations.** In addition to focusing on the needs of seniors in the community it will be important to attract and retain the younger generation by supporting development that is desired by this generation. The younger generation values a sense of place which includes social and technological connectedness, sustainability, diversity and housing affordability. Walkability and access to amenities and gathering spaces are particularly important to this generation as is the availability of rental housing and affordable smaller sized single-family options.
- According to Maxfield Research Housing study, the Golden Valley population of 18 to 34-year old's is expected to increase by 168 people (+9.6%) between 2016 and 2021. These are the residents that tend to rent and may be looking to put down roots in the community by purchasing their first home. In addition, they are the key age groups to focus on with targeted programs to attract and retain them in the community.
 - The median sales price of homes in the City at the end of 2019, according to the Minneapolis Realtors Association, was \$343,000 and included over 400 sales: up 10% from the previous year.
 - With limited options to purchase the more affordable existing housing in the City, additional focus should be provided to supporting smaller lot developments and options to create more affordable first-time purchases through **community land trusts, down payment assistance and lower mortgage options**. In addition, being a conduit for the sale of existing single-family homes currently occupied by senior households by supporting **gap funding for first time buyers** may be a strategy to regenerate existing older single-family neighborhoods.
 - At the same time, continuing to **support new affordable rental options** will provide an opportunity for the younger generation to “try out” a community prior to making the transition to home ownership. These options provide an attractive opportunity for the younger generation who may want to eventually transition from the apartment lifestyle to homeownership in communities that are affordable, have good schools and that provide urban amenities that they enjoy within apartment life.
- 3. Increase Diversity of Voices in Decision Making.** As suburban cities change in age, gender and ethnicity, it will be important to provide opportunities to understand the values and challenges of diverse voices and opinions. The housing options that were once desired by the older generations have changed and will continue to evolve. Input from housing advocates, Rising Tides and the Human Rights Commission indicated that providing additional opportunities to hear varied voices from residents, including renters, is important in serving the current and future interests of the City.

Current and Potential Tools and Strategies:

- The City should consider various ways to authentically and regularly engage diverse voices in the community, particularly related to housing needs. Priority should be made to **engage multiple voices including seniors, the younger generation, businesses, renters, owners and representatives that are racially and culturally diverse** as part of the implementing the HRA's Strategic Plan.

INCREASE CAPACITY TO IMPLEMENT SUGGESTED POLICIES AND PROGRAMS

The City should be commended for adopting several housing tools and policies over the last several years. These include the following:

- Mixed Income Housing Policy that requires all new housing developments include a percentage of affordable units
- Tenant Protection Ordinance
- 4d Tax Incentive Program
- Study related to the usage of City Owned Properties
- Consideration of a local Fair Housing Policy

To accurately implement and administer existing tools and policies and more fully achieve a holistic housing strategy that focuses on the goals identified in the 2040 Comprehensive Plan and allows the City to implement new programs to address priority areas identified through this process, additional staff and financial resources will be important.

- 1. Housing staff will be necessary to implement and administer existing and new housing policies and programs.** The City of Golden Valley currently does not have a staff member with the primary focus dedicated to the implementation and administration of housing policies and programs. Current planning and other Department staff are utilizing part of their time on housing issues in addition to their regular duties. When looking at surrounding cities and cities of similar size, the majority have dedicated housing and economic development staff. Most recently, the City of Edina, added housing staff to increase their capacity to implement tools and strategies to meet their growing housing goals and priorities. This has been an effective strategy and the City has been successful in implementing new programs and policies with housing affordability as its focus.

A new staff member to focus on housing in the City could provide the following:

- Key contact person to engage with existing rental property owners of NOAH units regarding the Tenant Protections Ordinance, 4d Tax Incentive Program and identify other current and future issues and opportunities in multi-family rental housing. Affordable housing developers indicate that one of the most important strategies for cities regarding NOAH housing is to build relationships with owners so that if they are considering selling their properties that the City could help identify affordable housing buyers with a mission to maintain current tenants within affordable units. Developing relationships takes time and a

key contact person who can navigate resources for owners as well as tenants is an important strategy.

- Serve as a resource of information to the general public regarding housing issues, opportunities and services and focus on creating a resource page on the City website.
- Serve as a grant writer for County CDBG funding, MN Housing Challenge Funds, Metropolitan Council LCDA funding, etc. In addition, be a gatekeeper for developer request for state tax credits, bonding and other state, regional, county or local funding opportunities and partnerships.
- Administer notices and provide compliance related to tenant protection ordinance, 4d Tax Incentive Program, A Fair Housing Policy, and the Mixed Income Housing Policy. Other cities have indicated that these programs and policies are only as good as the compliance to assure that what is expected of the owners is being achieved. The compliance requires additional resources to be effective.
- Implement approved HRA Strategic Plan that could include the following as identified in three priority areas above:
 - Work with the community to prioritize properties for smaller lot housing and increased housing density including allowing accessory dwelling units and utilization of modular constructed housing.
 - Research programs for first time buyers and/or lower income purchase programs such as down payment assistance, lower mortgage interest programs, home renovation funding and community land trusts.
 - Identify needs of low income senior owners and research options to assist in the transition of senior owners wanting to move and younger first time buyers.
 - Facilitates Housing Improvement Area requests from older common interest community complexes.

2. Suggested Funding Sources and Financial Strategies to Support an HRA Strategic Plan.

A. Create an HRA Levy – The primary method of financing the delivery and administration of housing and redevelopment programs in Minnesota is through an HRA Levy. As indicated by the staff memo dated March 12, 2019, many cities surrounding Golden Valley issue an HRA levy. There are varied purposes for the use of the HRA levy dollars, but the majority utilize a portion of the levy to support City staff in administering housing programs and policies. The benefit of supporting an HRA levy is to provide a dedicated source of funds focused on housing and redevelopment needs of the City. In addition, an HRA Levy is not subject to local levy limits and does not constrain the City’s general levy authority for other necessary City services and infrastructure needs. It is recommended that the City support a levy that would cover the cost of a new staff member as well as provide an annual contribution toward a Housing Trust Fund (summarized below) which would deliver program funding such as gap funding for new projects, home renovation loans, land trusts and/or other identified programs to support priorities of housing preservation and diversification.

B. Establish a Local Housing Trust Fund – Local Housing Trust Funds (LHTF) are funds established by a local government by dedicating local public revenue for housing. They provide a

consistent, flexible resource for housing within a local jurisdiction. Trust funds help communities leverage public and private resources and jumpstart projects that draw investment and jobs. Some of the benefits of a LHTF includes the following:

- Provide a consistent, dedicated revenue stream for housing that is dedicated toward affordable, workforce, or other special housing needs; the majority are funded through a local HRA Levy but can also receive private donations, grant funds, conduit bonding fees, tax increment proceeds, etc.
- Serves as local leverage for affordable housing programs and developments. The MN State Legislature is considering providing seed capital to cities who establish a local Housing Trust Fund.
- Serves as an economic multiplier by supporting investments in housing construction and rehabilitation, including redevelopment of sites, adding to the tax base and creating jobs.

- C. Establish and/or modify the City's Public Subsidy Policy.** A public subsidy policy is important to ensure that the City leaders are accountable to their residents with regards to how public resources are utilized. A public subsidy policy should clearly outline the goals and objectives of providing public funds for housing and redevelopment and should include policies related to use of an HRA Levy (if adopted), Tax Increment Financing, Tax Abatement and any funds accepted and utilized to fund a Housing Trust Fund if pursued. One of the main frustrations of the development community is uncertainty which increases their risk, thereby increasing the cost of a project. Having a clear, strong public finance policy that outlines the goals and objectives of the City sends a strong message to the development community regarding the methods that you are willing to support and partner to achieve your community goals.

HRA Feedback and Discussion Requested

The next step in the process is to prepare a draft Golden Valley HRA Strategic Plan. Prior to drafting a plan, BCC is requesting feedback on the identified priorities and suggested recommendations. At the meeting on March 10, 2020, summary information will be presented that is referenced in this memo. Feedback from the HRA on these options will help in crafting a draft strategic plan and provide a path for implementation.

Attachment Referenced:

- Summary of Local Housing Trust Fund

Local Housing Trust Fund Manual for Minnesota

What is a Local Housing Trust Fund?

Local Housing Trust Funds (LHTF) are funds established by a local government by dedicating local public revenue for housing. They are a consistent, flexible resource for housing within a local jurisdiction. Trust funds help communities leverage public and private resources and jumpstart projects that draw investment and jobs. LHTFs enable communities to prioritize developments that maximize benefit to the local community.

What is the Local Housing Trust Fund Manual for Minnesota?

The Local Housing Trust Fund Manual for Minnesota was developed by the Minnesota Housing Partnership. Its purpose is to provide an in-depth discussion of the various decisions to be made by local Minnesota communities in establishing an LHTF including revenue, programming, and policies. With 80 pages of references, case studies, and explainers, the manual is an in-depth guide to help local communities get LHTFs established.

Benefits of Local Housing Trust Funds



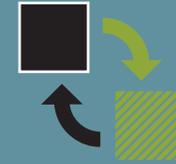
Encourage local contributions



Establish dedicated sources of revenue



Leverage private dollars



Provide flexibility to meet local needs

Goodhue County

Goodhue County and the Southeastern Minnesota Multi-County Housing and Redevelopment Authority started an Affordable Housing Trust Fund (AHTF) in 2018. The fund provides downpayment assistance, a fund for multi-family housing projects, and a flexible fund.

Red Wing

Established in 2015, Red Wing invests \$100,000 annually into their Affordable Housing Trust Fund (AHTF). Tax Increment Financing will soon provide an additional investment of up to \$100,000 annually for 25 years. To date, the AHTF has provided homebuyer assistance loans to at least six families.

Minneapolis

The City of Minneapolis created its Affordable Housing Trust Fund (AHTF) in 2003. As a direct result of the AHTF the city tax base has expanded by up to \$800 million, leveraging \$9 for every dollar invested in the fund.

Get the Manual

To download a copy of the LHTF Manual for Minnesota, visit: www.mhponline.org/community-development/lhtfmanual-minnesota

Questions?

Contact Elizabeth Glidden, MHP's Director of Strategic Initiatives & Policy at elizabeth.glidden@mhponline.org or 651-925-5548



On average, city housing trust funds leverage \$6 in additional public and private funds for every \$1 the trust fund invests.

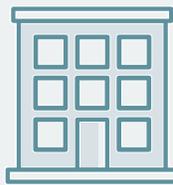
\$1
invested

\$6
leveraged

GOLDEN VALLEY RENTER SNAPSHOT

Housing impacts every aspect of our lives, from the jobs we can access to the educational outcomes of our kids. But too many people in our community pay too much for housing, forcing hard-working families to choose between paying the rent or buying adequate groceries, covering healthcare and other critical needs. Across the Twin Cities region, even those employed full time in the most in-demand jobs can't make ends meet with rising rents and declining vacancy rates.

Housing is affordable when a household pays **no more than 30%** of its monthly income on rent or mortgage.

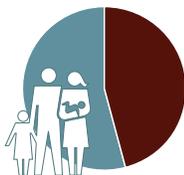


MEDIAN RENT¹ IN GOLDEN VALLEY increased 20% from 2010 to 2018. In 2018, the overall median rent was \$1,231. Over that same time frame, the vacancy rate declined by 39%, falling from 8.9 percent to 5.4 percent.²

To afford the median rent (\$1,231) in Golden Valley, a full time worker **would need to earn \$49,240 per year** -- far above the wages of many of the most in-demand jobs in the region (see table to the right).



In Golden Valley, 45% of renter households – **and 53% of senior renter households** – pay more than they can afford on housing.



In Golden Valley, **70% of rental housing** was built prior to 1990.



TOP IN-DEMAND JOBS in the Twin Cities	Median annual income	Affordable housing costs per month ³	% income needed to pay median rent in Golden Valley
Golden Valley median renter	\$39,296	\$982	38%
Minimum wage earner ⁴	\$20,509	\$513	72%
Food Prep / Serving Workers	\$24,190	\$605	61%
Cashiers	\$24,643	\$616	60%
Retail Salespersons	\$26,029	\$651	57%
Personal Care Aides	\$26,766	\$669	55%
Stock Clerks / Order Fillers	\$29,957	\$749	49%
Janitors	\$31,228	\$781	47%
Nursing Assistants	\$36,729	\$918	40%
Supervisors of Food Prep	\$39,064	\$977	38%
Customer Service Representatives	\$40,281	\$1,007	37%
Truck Drivers	\$52,246	\$1,309	28%
Registered Nurses	\$86,042	\$2,151	17%
Software Developers	\$98,421	\$2,461	15%

SOURCES: Occupational Data for Twin Cities Economic Development Region by MN Department of Employment and Economic Development, July 2019, and American Community Survey, 2018 estimates. FOOTNOTES: 1- Adjusted for inflation. 2- Vacancy data from CoStar. 3- Housing is affordable when it consumes no more than 30% of a household's monthly income. 4- Based on current minimum wage for large employers in Minnesota (\$9.86).

COMPARISON OF HRA AND EDA ENTITIES IN MINNESOTA

Cities have authority to aid and cooperate in the planning, construction, or operation of economic development, redevelopment and affordable housing projects. These can be done through various government organizations. The predominant method of delivering and administering housing and redevelopment programs in Minnesota is through a legal public entity, accountable to city government. Since 1947 a city in Minnesota may establish this public agency, often a Housing and Redevelopment Authority (HRA) (MN Stat. 460.001 to 469.047), of which there are more than 230 in Minnesota. An HRA is a public corporation with power to undertake certain types of housing and redevelopment or renewal activities. While state legislation conveys authority for HRAs in each City, it is up to the City Council to formally establish an HRA before it can do business and use its powers. In addition to carrying out redevelopment efforts, HRAs are often the affordable housing entity that provides decent and safe rental housing for eligible low and moderate income families, the elderly and persons with disabilities. HRA activities can lead to reinvestment in commercial neighborhoods through acquisition, demolition and rehabilitation.

In 1986 the Minnesota Legislative passed legislation (MN Stat. 469.090 to 469.1082) authorizing cities to establish formal Economic Development Authorities (EDAs) to promote local economic growth. An EDA is a legal entity created by a City to facilitate a well-rounded development program by taking advantage of various powers granted to other development entities, including port authorities and HRAs. By combining these powers, community leaders are able to create flexible business assistance and development programs. EDAs are allowed to buy and sell property, make loans and grants to businesses, provide loan guarantees and to sell bonds, subject to various limitations and conditions.

Housing Redevelopment Authorities

HRAs have two missions: to identify, eliminate and prevent the emergence of blight; and to facilitate development of housing affordable to low and moderate income persons. A blighted area is one with buildings and areas that are detrimental to the health, safety and welfare of the community because of dilapidation, obsolescence, and certain other factors. The HRA may then provide for improvements or redevelopment of these areas through a redevelopment plan. Regarding, affordable housing, the HRA determines what income limits are “low and moderate” (though many state and federal programs also set limits). HRAs may then take any action to facilitate, or even construct and own, housing for income-eligible persons. The area of

Economic Development Authorities

The overall purpose of an EDA is to promote economic development, using some specific powers granted to EDAs (some of which are similar to port authority powers), as well as all the powers of an HRA and of a city under the municipal development district statute. EDAs may exercise powers in an “economic development district”, or may create redevelopment projects or housing development projects (acting as an HRA) or development districts (acting as a city). In other words, an EDA can act as an HRA as well as use broader powers to stimulate economic development that is not directly related to either blight or affordable housing.

operation of a city HRA is the corporate limits of the City.

Governing Body:

Activities are controlled by a board of commissioners. An HRA consists of five commissioners who are residents of the city. The Mayor appoints and the Council approves the members who serve five-year, staggered terms. City Councilmembers often serve on the HRA. The entire membership of an HRA may consist of councilmembers. The City Council must approve broad “redevelopment plans” for projects, but otherwise most HRA activities do not require council approval (unless that is required by some other statute, such as approval of TIF Plans under the TIF Act).

An HRA is a separate political subdivision; it is not just part of the City. The HRA does have the power to levy a tax (with a specified limit), which is separate from the City tax levy, though the City Council must approve that levy.

Activities:

1. May establish a redevelopment project for the elimination and prevention of blighted areas.
2. Acquire real or personal property for activities related to projects. May sell its lands and properties to private or public parties.
3. May provide for the administration of a commercial building loan program to preserve small-sized buildings in its district.
4. May sell real or personal property, including the use of eminent domain, for project-related purposes (though 2006 reform severely limits this power).
5. May act as federal government agent in carrying out provisions of Municipal Housing and Redevelopment Act.
6. May exercise the powers granted to

Governing Body:

EDA is created through an enabling resolution written and approved by City Council. The City Council can choose to serve as the EDA Board of Commissioners or create a board composed of a cross-section of the community. If non-council members sit on the Board, the size must be 3, 5, or 7 Commissioners appointed by the Mayor with the approval of City Council. If the Board has 3 members, at least one must be a City Council member; if the Board has 5 or 7 members, at least 2 must be City Council members. Board members serve for six-year terms, or their term as Councilmembers if they are on the City Council.

The City Council may control the activities of the EDA by limiting its powers under the enabling resolution and through the annual approval of the EDA budget.

Activities:

1. Acquire property for creation of economic development districts.
2. Sell or lease land whether by private or public means.
3. Carry out EDA law to develop and improve land within the district. The EDA may make any necessary arrangements to make land suitable for development.
4. Exercise eminent domain (subject to severe limits of 2006 reform).
5. Enter into contracts for the purpose of economic development.
6. Purchase all materials needed to carry out development.
7. May make loans to a business, a for-profit or nonprofit organization, or an individual. The loan must be for an authorized purpose (e.g., carry out economic development).

- redevelopment agencies under Minn. Stat. §§469.152 to 469.1651
7. Provide relocation payments and assistance in accordance with federal guidelines.
 8. May make loans to carry out redevelopment or affordable housing mission.
 9. May issue revenue bonds secured by specified revenues; may issue bonds secured by City's full faith and credit (and without election) only for certain HRA-owned affordable rental housing projects, with City Council approval and subject to certain limits.
 10. May become member or shareholder in LLP, LLC or corporation for purpose of carrying out housing and housing development projects.
 11. May levy tax for redevelopment or affordable housing programs, with Council approval, and not to exceed .0185 percent of market value in the City. This tax is outside City levy limits.
 12. May employ staff and an executive director.
 8. Engage in research to determine factors of specified development projects.
 9. May be a limited partner in a partnership whose purpose is consistent with the EDA's purpose.
 10. May invest in certain small businesses by providing equity and venture capital, subject to certain limits.
 11. May employ staff and an executive director.
 12. May request the City to levy tax for the EDA, not to exceed .01812 percent of market value in the City; this tax is *within* City levy limits (if any apply).
 13. EDA may also use its HRA powers, and levy the HRA tax for redevelopment and housing purposes, as described under the HRA summary; again, with Council approval. This tax is outside City levy limits.
 14. May issue revenue bonds secured by specified revenues. May issue GO bonds secured by City full faith and credit only with election, and with Council approval.



EXECUTIVE SUMMARY

Administrative Services

763-593-8013 / 763-593-3969 (fax)

Golden Valley Housing and Redevelopment Work Session March 10, 2020

Agenda Item

2. HRA Levy and Budget

Prepared By

Sue Virnig, Finance Director

Summary

The Golden Valley Housing and Redevelopment Authority is granted power to levy and collect taxes (MN Statutes, Section 469.033, subd. 6) subject to a resolution of consent from the Golden Valley City Council. Hennepin County requires a resolution before programming for the special levy.

In October 2019, the HRA had approved \$30,000 for the 2020 Budget. Any unspent monies will be accounted for in the Housing Fund. Starting in January 2020, the fund had \$105,695 available.

Staff is recommending the following HRA meetings to discuss and consider a \$165,000 levy for housing:

March 10	HRA Work Session to discuss program and levy
April 21	HRA Meeting to approve Intent for HRA Levy
September 15	Special HRA Meeting to consider preliminary HRA Levy and Budget
December 1	Special HRA Meeting to Adopt HRA Levy and Budget

In August, the City Council will begin meeting to discuss the City's 2021-2022 Proposed Biennial Budget and 2021-2030 Capital Improvement Program (CIP). The 2021 Concept General Fund Levy is \$20,497,850 and Debt Levy is \$5,957,055 for a total of \$26,454,905. This is an increase of \$1,381,871 from 2020. Hennepin County will release pay 2021 property values at the end of March. The impact on the taxpayer will be reviewed with the budget process.

Financial Or Budget Considerations

The HRA Levy and Budget for \$165,000 will be approximately \$11.55 in property taxes on the median home. Because this is a first time levy, fiscal disparities and tax delinquencies will be applied but not known at this time. The first-half payment will be received in July 2021. This levy shows up under Other Levies on the Proposed Tax Statement.

Supporting Documents

- Resolution Approving Intent for HRA Levy For a Housing Program (1 page)
- 2021-22 HRA Proposed Budget (3 pages)
 - Revenues, Expenditures, Fund Balance
- 2020 Schedule for 2021-2022 Proposed Biennial Budget and 2021-2030 CIP (1 page)

HRA RESOLUTION NO.

RESOLUTION APPROVING INTENT FOR HRA LEVY
FOR A HOUSING PROGRAM

WHEREAS, The Golden Valley Housing and Redevelopment Authority (the "HRA") has authorities and powers according to MN Statutes, Sections 469.001 to 469.047. MS Statutes, Section 469.033, subd. 6 grants the HRA the power to levy and collect taxes subject to a resolution of consent from the Golden Valley City Council for a set period; and

WHEREAS, The HRA is requesting the City of Golden Valley to approve a consent to an HRA tax levy payable in 2021 for an amount of \$165,000. The HRA discussed the levy and budget on March 10, 2020, at an HRA Work Session.

BE IT RESOLVED by the HRA that the appropriations for the Housing Program Fund for the calendar year 2021 as follows:

2021 Preliminary Budget is as follows:

HRA Housing Program Fund Tax Levy Revenues	\$165,000
HRA Housing Fund Balance	\$3,000
HRA Housing Program Fund Expenditures	\$162,000

Larry Fonnest, Chair

ATTEST:

Timothy J. Cruikshank, Executive Director

CITY OF GOLDEN VALLEY
Housing Fund
REVENUE DETAIL

Revenue	Actual 2018		Actual 2019		Adopted 2020		Estimated 2020		Concept 2021		Proposed 2021		Concept 2022	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Property Tax Revenue	\$0	0.0%	\$0	0.0%	\$0		\$0		\$0		\$165,000	100.0%	\$165,000	100.0%
Interest Earnings	397	100.0%	1,442	100.0%	0		0				0	0.0%	0	0.0%
TOTALS	\$397	100.0%	\$1,442	100.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$165,000	100.0%	\$165,000	100.0%

**CITY OF GOLDEN VALLEY
2021 - 2022 OPERATING BUDGET**

DIVISION: Housing (016)

PROGRAM: Housing (9190)

OBJECT	DESCRIPTION	2018 ACTUAL	2019 ACTUAL	2020 ADOPTED	2020 ESTIMATED	2021 CONCEPT	2021 PROPOSED	2022 CONCEPT
	<u>Personal Services</u>							
6110	Salaries-Regular Employees	\$0	\$0	\$0	\$0	\$0	\$109,400	\$112,685
6150	Employee Insurance	-	-	-	-	-	18,305	18,425
6160	Retirement	-	-	-	-	-	18,545	19,100
	TOTAL Personal Services	-	-	-	-	-	146,250	150,210
	<u>Supplies and Services</u>							
6320	Operating Supplies	-	-	-	-	-	250	250
6340	Professional Services	-	-	30,000	30,000	-	10,000	10,000
6344	Use of Personal Auto	-	-	-	-	-	500	500
6411	Conferences and Schools	-	-	-	-	-	3,000	3,000
6413	Dues and Subscriptions	-	-	-	-	-	2,000	2,000
	TOTAL Supplies and Services	-	-	30,000	30,000	-	15,750	15,750
	TOTALS	-	-	30,000	30,000	-	162,000	165,960

**CITY OF GOLDEN VALLEY
HOUSING FUND
Fund Balance**

Fund Balance @ 01/01/20		\$105,695
Adopted Revenue - 2020	0	
Adopted Expenses - 2020	<u>30,000</u>	
Excess of Revenue Over (Under) Expenses		<u>(30,000)</u>
Estimated Fund Balance @ 12/31/20*		<u><u>\$75,695</u></u>
Proposed Revenue - 2021	165,000	
Proposed Expenses - 2021	<u>162,000</u>	
Excess of Revenue Over (Under) Expenses		<u>3,000</u>
Projected Fund Balance @ 12/31/21*		<u><u>\$78,695</u></u>
Concept Revenue - 2022	165,000	
Concept Expenses - 2022	<u>165,960</u>	
Excess of Revenue Over (Under) Expenses		<u>(960)</u>
Projected Fund Balance @ 12/31/22*		<u><u>\$77,735</u></u>

2020 Schedule for 2021-2022 Proposed Biennial Budget and 2021-2030 CIP

May-July

Staff Meetings preparing proposed budget

Week of August 3-7

Review 2021-2022 General Fund Budget with each council member and mayor

August 12

Review 2021-2022 General Fund Budget

September 2-4

Review 2021-2022 Other Funds Budget and CIP with each council member and mayor

September 8-Council Manager Meeting

Review all other funds budgets (Enterprise, Special Revenue, and Internal Service Funds)

Review 2021 2030 Capital Improvement Program

Review 2020 Proposed Levy and Tax Impact

September 15-Council Meeting

Proposed Property Tax Hearing (Amount approved will go on notice for November)

December 1-Council Meeting

Property Tax Hearing –Adopt Budget and Levy



EXECUTIVE SUMMARY

Housing and Redevelopment Authority

763-593-8006 / 763-593-8109 (fax)

Golden Valley Housing and Redevelopment Work Session March 10, 2020

Agenda Item

3. Fair Housing Policy

Prepared By

Myles Campbell, Planner

Summary

Staff has prepared a draft Fair Housing Policy that would establish new standards of practice for future work around housing within the City of Golden Valley. The purpose of the policy is to encourage better and more equitable housing outcomes for all City residents and community members. Fair Housing Policies are becoming more common throughout the metro as communities begin to understand the importance of providing equitable access to housing, as well as the repercussions of historical discriminatory housing practices. As a basis for this draft policy, staff consulted the existing and adopted policies of peer cities such as Edina, Bloomington, Hopkins, Minnetonka and Plymouth.

The proposed policy would further the HRA's goal of adopting policies that promote access to fair and equal housing to all people. The policy contains both external and internal facing responsibilities, each of which are addressed in turn below.

External Facing Responsibilities in the Policy

Under the proposed policy, staff would be responsible for receiving and responding to inquiries from the public about fair housing issues and directing the public to the appropriate state or federal agencies for additional information or to file a complaint. Staff's role would be informational only. To effectively carry out these responsibilities, the responsible staff members will require training.

At the outset, Planning Department staff will carry out the duties required by the policy. If the HRA hires additional staff to manage housing related initiatives, these responsibilities will shift to HRA staff.

Internal Facing Responsibilities in the Policy

The proposed policy contains several commitments that will be carried out internally by staff. Some examples include reviewing City code to identify potential disparate impacts, and evaluating the impact of housing related grant dollars in the City.

Timing

Staff feels the timing is right for the adoption of this policy for a number of reasons. First, the City committed to adopting a Fair Housing Policy in its grant agreement and application for the Capacity Building Grant from Minnesota Housing Finance Agency (MHFA). Second, many federally funded

programs such as *Livable Communities Development Account*, require Cities to adopt a Fair Housing Policy to be eligible for funds.

Finally, adopting this policy now makes sense given the HRA's interest in hiring additional staff to carry out its housing initiatives. This policy will allow City staff to continue to develop its expertise in the area of housing, putting staff in a better position to advise the HRA on other housing related initiatives. Although the policy requires additional hours from Planning Department staff, that impact would be mitigated if the HRA hires additional housing staff.

Financial Or Budget Considerations

The Fair Housing Policy will not require a specific budget outside of staff hours. The Fair Housing Policy is a requirement for some grant sources the City may wish to pursue in the future.

Recommended Action

Staff requests feedback from HRA members as to the language and content of the proposed Fair Housing Policy, with the intention of bringing it to a vote at the April HRA Meeting.

Supporting Documents

- Draft Fair Housing Policy (2 pages)

Golden Valley Housing & Redevelopment Authority

Fair Housing Policy

I. Purpose and Vision

It is the policy and commitment of the City of Golden Valley, through its Housing and Redevelopment Authority, to ensure that fair and equal housing opportunities are available to all persons in all housing opportunities and development activities funded by the City regardless of race, color, religion, gender, sexual orientation, marital status, status with regard to public assistance, creed, familial status, national origin, age, or disability. Title VIII of the Civil Rights Act establishes federal policy for providing fair housing throughout the United States. The intent of Title VIII is to assure equal housing opportunities for all people.

The Housing and Redevelopment Authority in and for the City of Golden Valley (the “HRA”) is dedicated to advancing inclusion and equity for all residents by developing this Fair Housing Policy to further the goal of creating a safe, healthy, and accessible community where all residents will thrive.

The HRA is also committed to upholding the federal Fair Housing Act and the Minnesota Human Rights Act, both of which prevent discriminatory practices in housing. As a recipient of federal community development funds under Title I of the Housing and Community Development Act of 1974, the City, through its HRA certifies that it will affirmatively further fair housing.

II. External Practices

a. Intake and Referral

The HRA has designated the HRA Director or their designee as the responsible authority for the intake and referral of all fair housing inquiries. At a minimum, the responsible staff member will be trained in state and federal fair housing laws, the complaint process for filing discrimination complaints under state and federal law, and the state and federal agencies that handle such complaints. The HRA will document the date, time, and nature of the fair housing inquiries it receives and any referrals given in response to such inquiries. The responsible staff person will maintain relevant supporting information according to the HRA’s Document Retention Schedule. The HRA may use the information collected to inform their decisions with respect to programs, policies, issues, and concerns relating to fair housing.

b. Meaningful Access

i. Online Information

The HRA will clearly display information about fair housing on its website. The website will include links to various fair housing resources, including the Department of Housing and Urban Development, Minnesota Department of Human Rights and others as well as links to state and federal fair housing complaint forms.

ii. In-Person Information

The HRA will provide in-person fair housing information to community members including:

- A list of fair housing enforcement agencies;
- Frequently asked questions regarding fair housing law; and

- Fair housing complaint forms for enforcement agencies.

c. Languages

The HRA is committed to providing information in the native language of its community members. The HRA will provide information in languages other than English to individuals with limited English proficiency.

III. Internal Practices

The HRA commits to the following steps to promote awareness and competency regarding fair housing issues in all of its government functions.

- a. Training.** The HRA will train its staff and officials on fair housing considerations.
- b. Housing Analysis.** The HRA will review its housing stock periodically to examine the affordability of both rental and owner-occupied housing to inform future HRA actions.
- c. Code Analysis.** The HRA will review its municipal code periodically, with specific focus on ordinances related to zoning, building, and occupancy standards, to identify any potential for disparate impact or treatment.
- d. Project Planning and Analysis.** HRA planning functions and development review will consider housing issues, including whether potential projects may perpetuate segregation or lead to displacement of protected classes.
- e. Community Engagement.** The HRA will seek input from underrepresented populations in the community. Conversations regarding fair housing, development, zoning, and land use changes may be facilitated by the City or the HRA.
- f. Affirmatively Furthering Fair Housing.** As a recipient of federal funds, the HRA agrees to participate in the Regional Analysis of Impediments, as organized by the regional Fair Housing Implementation Council (FHIC), an ad hoc coalition of Community Development Block Grant (CDBG) entitlement jurisdictions and others working together to affirmatively further fair housing. The HRA will review the recommendations from the analysis and, where appropriate, recommend integration into City planning documents, including the Consolidated Plan, the Comprehensive Plan, and other related documents.