

Housing & Redevelopment Authority

September 8, 2020 – 6:30 pm

WORK SESSION AGENDA

NOTICE IS HEREBY GIVEN that the Golden Valley Housing and Redevelopment Authority will meet on September 8, 2020 at 6:30. The meeting will be held via Cisco Webex in accordance with the local emergency declaration made by the City under Minn. Stat. § 12.37. The public may monitor this meeting by calling 1-415-655-0001 and entering the meeting code 133 191 0935 meeting code]. For technical assistance, please contact support staff at 763-593-8007 or webexsupport@goldenvalleymn.gov. If you incur costs to call into the meeting, you may submit the costs to the City for reimbursement consideration. Additional instructions for participating in electronic meetings are available on the City website.

Pages

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|--|------|
| 1. Discuss Proposed 2021 HRA Budget and Levy for a Housing Program | 2-17 |
| 2. Adjournment | |



This document is available in alternate formats upon a 72-hour request. Please call 763-593-8006 (TTY: 763-593-3968) to make a request. Examples of alternate formats may include large print, electronic, Braille, audiocassette, etc.





EXECUTIVE SUMMARY

Administrative Services

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

Golden Valley Housing and Redevelopment Authority Work Session September 8, 2020

Agenda Item

1. Discuss Proposed 2021 HRA Budget and Levy for a Housing Program

Prepared By

Sue Virnig, Finance Director

Summary

On April 21, the Housing and Redevelopment Authority (HRA) approved Resolution 20-03 Approving Intent for HRA Levy for a Housing Program. That action allowed Hennepin County to set up a special district for the HRA with the intention to levy in the future. The discussion tonight should be if this levy and budget should be considered on September 15, 2020. The goal of the HRA levy is to provide financing for the Housing Strategic Plan that was approved at the HRA Meeting on April 21, 2020.

Financial Or Budget Considerations

The HRA 2021 Proposed Budget is \$162,000. The HRA could levy the entire \$162,000 or use monies available in the Housing fund and levy \$72,000. The monies in the fund would cover the expenditures until the first half payment from Hennepin County arrives in July. The impact on the taxpayer for a median home value of \$335,000 is estimated at:

Budget of \$162,000	\$11.16
Budget of \$ 72,000	\$4.96

Supporting Documents

- Resolution 20-03 City of Golden Valley Approving Intent for HRA Levy for a Housing Program (1 page)
- Housing Strategic Plan memo from April 21, 2020 HRA meeting (13 pages)
- 2021 Proposed Budget (1 page)

HRA RESOLUTION NO. 20-03

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. MN 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 Intent to levy for HRA Housing Program that may begin with the year payable 2021. MN Statutes 275.067 states the written notice from the HRA needs to be received by July 1 of the current year that the district may be certifying a levy and notice includes a complete list or other description of the tax parcels in the district. The district would include all city parcels. The resolution of intent needs to be given to Hennepin County by July 1. The intent of this levy gives direction to Hennepin County to set up a special district to allow for such levy in the future; and

WHEREAS, The HRA discussed the levy and budget on March 10, 2020 and at its April 21 Meeting.

BE IT RESOLVED by the HRA intends to consent to set up a special district for a HRA Housing District that would include all parcels in the City of Golden Valley.

Adopted by the Housing and Redevelopment Authority of Golden Valley, Minnesota this 21st day of April, 2020.

DocuSigned by:

Larry Fonnest

Larry Fonnest, Chair

ATTEST:

DocuSigned by:

Tim Cruikshank

Timothy J. Cruikshank, Executive Director



EXECUTIVE SUMMARY

Housing and Redevelopment Authority

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

Golden Valley Housing and Redevelopment Authority Meeting April 21, 2020

Agenda Item

6. A. Adoption of Housing Strategic Plan

Prepared By

Marc Nevinski, Physical Development Director
Jason Zimmerman, Planning Manager

Summary

At the Housing and Redevelopment Authority (HRA) Work Session on March 10, Cathy Bennett, of Bennett Community Consulting, presented her findings and draft recommendations regarding a Housing Strategic Plan for Golden Valley. Based on discussion at the meeting and questions and comments from the Commissioners, a five to ten year Housing Strategic Plan is being presented to the HRA for consideration for adoption.

Strategic Plan

The Housing Strategic Plan before the HRA affirms many of the Housing Goals included in the City's 2040 Comprehensive Plan and builds towards accomplishing them with more detailed information about current priorities, recommended tools and strategies, and potential actions for implementation.

The document identifies three main priorities. Specific tools and strategies are suggested for each in the attached report.

1. Preservation of Existing Housing and Tenant Protections: Preserving the existing housing stock and providing options to protect tenants and existing homeowners from being priced out of the City is one of the top priorities of the HRA. The most affordable housing, both rental and ownership, is within the existing older properties, referred to as Naturally Occurring Affordable Housing (NOAH).
2. Increase Housing Affordability to Diversify Housing Options and Opportunity in the City: There is a need to encourage opportunities to diversify the housing options in the City and support new affordable housing with a particular focus on options for seniors as well as the younger 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.

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. The Housing Strategic Plan places value on the need to hear from diverse voices as part of their decision-making process for housing policies and programs.

The three priorities outlined above would require additional staff and funding resources to be successful. The attached plan recommends increasing staff capacity in order to create a role whose primary objective is to coordinate and administer the HRA's housing policies and programs. This position would be the key contact and would help build relationships with rental property owners and apartment managers, act as a gatekeeper for requests for state tax credits, bonding, and other funding opportunities and partnerships, and assist the general public as general housing resource.

In addition, the plan suggests ways to support the HRA's initiatives financially through the establishment of an annual HRA levy or a Local Housing Trust Fund. Either or both could provide a dedicated source of funds focused on the housing (and development) needs of the City and build a financial foundation to enable the delivery of the goals and policies outlined above. Finally, updating the City's Public Subsidy Policy would send a clear message regarding financial accountability and to the development community regarding the methods the HRA is willing to consider when partnering to support community goals.

Financial Or Budget Considerations

There is no immediate budget impact created by adopting the plan. However, the plan's recommendations do have financial implications that will need to be thoughtfully considered, including the recommendation to establish an HRA levy.

Recommended Action

Motion to adopt the Golden Valley HRA Housing Strategic Plan.

Supporting Documents

- Golden Valley HRA Housing Strategic Plan (11 pages)

Housing Strategic 5 Year Plan

2020 - 2025



Housing & Redevelopment Authority

Adopted: _____

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Summary

The City of Golden Valley's Housing and Redevelopment Authority (HRA) is a separate legal authority that guides and supports the housing and redevelopment projects in the City to:

- provide a sufficient supply of adequate, safe and sanitary dwellings in order to protect the health, safety, morals, and welfare of the residents of the City;
- remove blight, clean up environmental contamination, and provide for new development to enhance the community and increase the City's taxable valuation;
- remedy the shortage of housing for low to moderate income residents; and
- preserve and promote economically diverse housing options in the City.

The Housing Strategic Plan sets out the specific priorities and funding needs to meet the housing and redevelopment goals of the City over the next 5 years. The strategic planning process identified the priorities based upon review and evaluation of the following:

- 2040 Comprehensive Plan
- Housing Market Study dated March 6, 2017
- Stakeholder Input - Human Rights Commission, Rising TIDES, Golden Valley Affordable Housing Coalition, PRISM, Golden Valley Business Advisory Council and the Hopkins School District.
- Affordable and market rate housing developer's needs.

Golden Valley 2040 Comprehensive Plan Goals

Maintain Housing Quality

Maintain a high-quality living environment, preserve stable residential neighborhoods, and where necessary, improve the condition of existing housing stock in the City.

Expand Variety of Housing Options

Expand the variety of housing types and designs to allow all people a housing choice for all life stages and all economic means.

Increase Housing Affordability

Increase housing opportunities at a cost that low- and moderate-income households can afford without compromising their ability to pay for the essential need.

Encourage Environmentally Sustainable Housing

Encourage housing development that maintains or enhances economic opportunity and community well-being while protecting and restoring the natural environment.

Advance Equity in Housing Practices and Policies

Advance fair and equitable opportunity in home ownership and renting for people of all backgrounds and abilities.

HRA Housing Priorities

1. Preservation of Existing Housing and Tenant Protections.

Preserving the existing housing stock and providing options to protect tenants and existing homeowners from being priced out of the City is one of the top priorities of the HRA. The most affordable housing, both rental and ownership, is within the existing older properties, referred to as Naturally Occurring Affordable Housing (NOAH).

Tools and Strategies for Preserving Housing and Protecting Tenants from Displacement

- **Tenant Protections**

- The tenant protection ordinance adopted on August 2018, requires that any new owner of a property provide tenants a three months period where there is a pause on rent increase, tenant re-screening, and non-renewal of leases without cause. If the new owner chooses or does not comply with the three month pause, they will be required to pay relocation benefits to tenants. The goal is to protect lower income tenants from being displaced due to increase rents without time to find alternate housing and it allows the opportunity to access potential tenant housing assistance.

- **4d Affordable Housing Incentive Program**

- Adopted on October 15, 2019, the program allows qualifying low-income properties to be eligible for a rate reduction in property taxes from 1.25% to .75% per MN Statute in return for rents restricted to incomes at or below 60% of the Area Median Income (AMI). The City/HRA provides nominal assistance to the property owner who enters into a development agreement which requires a covenant on the deed of the property to ensure owners comply with the requirements to restrict at least 20% of the total units to incomes at or below 60% AMI. The program could preserve and/or create affordable rents for an estimated additional 500 units in the City.

The Facts: Need for Preservation and Protection of Tenants

- **The City's existing housing stock is aging** - over 55% of the housing stock was constructed between 1950s and 1970's.
- 65% of the housing stock is comprised of **single-family detached homes** and the majority are over 50 years old.
- 70% of the **rental housing** in the City was built prior to 1990.
- **45% of all renter households and 53% of senior renter households are cost burdened**, paying more than 30% of their income on housing cost, increasing the risk of residents choosing between paying rent, eating, covering healthcare costs and other critical life and safety needs.
- **Median rent increased 20% from 2010 to 2018**; at the same time there was a reduction in supply with a declining (39% reduction) vacancy rate.

- **NOAH Rehabilitation and Maintenance Program**
 - Program focused on providing public assistance to rental properties that need exterior, energy efficiency, fire suppression and other health, safety, crime reduction and livability improvements while ensuring that rents are kept affordable at or below 60% of the Area Median Incomes.

- **Housing Improvement Area**
 - Housing Improvement Area (HIA) program, provided through legislative authority of a City, is a tool to support the renovation of older common interest communities (townhomes and condominiums). HIAs are requested only through a petition by common interest communities of more than 45% of the owners and requires a detailed process to ensure that improvements are necessary, and the property has no other feasible option for financing the improvements. The cost of the improvements is a fee added to individual property owners tax statement within the HIA designated area over a period of up to 20 years. The program can increase and/or stabilize property values and in turn local tax revenues. In addition, local policies can be put in place to ensure that this public financing tool helps to preserve owner occupied properties where owners have low-moderate incomes.

- **Aging in Place Programs and Access to Services**
 - An aging in place strategy seeks to provide guidance and access to services for older residents remaining in their single-family home as they age. The strategy focuses on easy access to senior services, home renovation programs including accessibility and visit-ability improvements (ADA showers and tubs, stairway lifts, ramp and grab bars) and address health and safety and deferred maintenance issues. Other options to reduce the financial burden of low-income senior residents could include providing tax rebates, lower or waived fees for local services.



Photo Credit: City of Golden Valley

HRA Housing Priorities (continued)

2. Increase Housing Affordability to Diversify Housing Options and Opportunity in the City.

There is a need to encourage opportunities to diversify the housing options in the City and support new affordable housing with a particular focus on options for seniors as well as the younger 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.

Tools and Strategies to Support New Affordable Housing

- **Mixed Income Housing Policy**
 - Adopted March 20, 2018, the policy requires that new rental or ownership developments of 10 or more units must include a percentage of affordable units as indicated in the policy plan. The policy goal is to ensure that high quality housing in the city is accessible to households with a variety of income levels, ages, and sizes.
- **Publicly Owned Vacant Parcels for Affordable Housing**
 - Prioritizing the development of publicly owned vacant parcels is an opportunity to increase affordable single family and/or townhome development in the City. Actions to encourage affordable housing development includes proactively preparing the sites to be development ready, offering the sites for a reduced price and clearly outlining policies for their development through a public land disposition policy.

The Facts: Importance of Diversifying Housing Options

- **Only 4% (48 units) of the new affordable housing constructed in the City since 2016 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.
- **Senior Housing Need:** The population growth from 2016 to 2021 for those age 65 to 84 is projected to have the greatest growth (percentage and numerically) increasing by 941 people (+53.8%). Incomes of current older residents are lower than the median incomes in the City and many City senior households wish to remain within their existing homes.
- **Entry Level Housing Need:** The 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 2019, over 400 homes were sold with a median sales price of \$343,000: up 10% from the previous year; **an unaffordable option for many first-time buyers.**
- **In-demand jobs in the Twin Cities does not pay enough to afford the median rent or mortgage in Golden Valley.** These include critical workers to support business vitality and resident services such as cashiers, retail workers, personal care aides, nursing assistants, janitors and customer service representatives.

- **Smaller Lot Redevelopments**
 - Identify areas in the City appropriate for smaller lot redevelopments to increase the options and opportunities for younger households and/or those residents who would like to stay in the community and move from their existing single-family home to a lower maintenance smaller home.
- **Accessory Dwelling Units**
 - Support, through zoning code, the increase of multi-generational improvements or options to allow units to be constructed on site or within existing building footprint called accessory dwelling units (ADU).
- **New Affordable Senior Housing**
 - Encourage affordable senior housing development through support of increased densities, fee waivers and public finance assistance of redevelopment parcels in the City.
- **Affordable First-Time Buyers**
 - Evaluate options to support affordable, first time home buyer options including **Community Land Trusts**, down payment assistance and lower mortgage options. In addition, provide gap funding for buyers to purchase existing homes from senior households to regenerate existing older single-family neighborhoods.
- **New Affordable Rental Housing**
 - Encourage new affordable rental housing through implementation of the city's mixed income housing policy, support of increased densities, fee waivers and public finance assistance to provide an opportunity for the younger generation to have affordable options to “try out” a community prior to making the transition to home ownership.



Photo Credit: City of Golden Valley

HRA Housing Priorities (continued)

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. The Housing Strategic Plan places value on the need to hear from diverse voices as part of their decision-making process for housing policies and programs.

Tools and Strategies to Increase the Diversity of Voices in Decision Making

- **Utilize Existing Resident Groups**
 - Seek input from established city resident groups and commissions including Rising TIDES, Human Rights Commission and Golden Valley Affordable Housing Coalition
- **Ensure Multiple Perspectives and Voices in Decision Making**
 - Evaluate various ways to authentically and regularly engage residents
 - Connect with and seek input from those who may be most impacted by decisions related to housing programs and policies including
 - Seniors
 - Younger Generation
 - Businesses
 - Renters
 - Multi Family Owners
 - Racially and Culturally Diverse Residents



Photo Credit: City of Golden Valley

Implementation

The **three priorities** outlined in the Housing strategic plan and implementation of the tools and strategies will require additional staff and funding resources to be successful over the next 5 years. The following are key implementation steps to be successful in preserving housing, increasing tenant protections, providing more housing options and engaging diverse voices in the City.

1. Increase Staff Capacity to:

- Implement and administer existing and new housing policies and programs.
- Serve as a key contact person to engage with existing rental property owners of NOAH units regarding the Tenant Protections Ordinance, 4d Affordable Housing Incentive Program and identify other current and future issues and opportunities in multi-family rental housing.
- Build relationships with existing rental property owners and non-profit and socially mission based housing developers to facilitate preservation of NOAH housing and reduce tenant displacement as property is sold and/or improved.
- Serve as a resource of information to the general public regarding housing issues, opportunities and services and focus on creating a robust, easy to use resource page on the City website.
- 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 Affordable Housing Incentive Program, Fair Housing Policy, Mixed Income Housing Policy and other HRA Housing policies and programs.
- Work with the community to prioritize properties for smaller lot housing and increased housing density including allowing accessory dwelling units, utilization of modular constructed housing and opportunities to increase townhomes and duplex development.
- 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 to regenerate existing single-family neighborhoods.
- Facilitates Housing Improvement Area requests from older common interest community complexes.

Implementation (continued)

2. Funding Sources and Financial Strategies to Support the HRA Housing Strategic Plan

Establish an Annual HRA Levy

The primary method of financing the delivery and administration of housing and redevelopment programs is to utilize the HRA authority provided through Minnesota State Statute to levy a tax to give, sell, buy, transfer, or convey properties as necessary to remove blight and promote affordable, safe and decent housing.

- An HRA levy provides a dedicated source of funds focused on housing and redevelopment needs of the City and helps to build a financial foundation to enable the delivery of the goals and policies outlined in the Housing Strategic Plan.
- An annual fund through an HRA tax levy will support staff, and housing programs as identified in the Housing Strategic Plan.
- The HRA levy will be evaluated and set annually by the City Council upon the recommendation of the HRA.

Consider Benefits of Establishing a Local Housing Trust Fund (LHTF)

Housing Trust Funds provide a consistent, flexible resource for housing within a local jurisdiction and provides an opportunity to leverage other public and private resources and jumpstart projects that draw private investment and jobs. Benefits of a LHTF include the following:

- Consistent, dedicated revenue stream for housing to support affordable, workforce, or other special housing needs; the majority are funded through a local HRA Levy but can also receive private donations, corporate contributions, grant funds, conduit bonding fees, tax increment proceeds, and other public and private dollars.
- Leverages other funding for affordable housing programs and developments and opens up access for potential MN State Legislature seed capital if approved and funded.
- Economic multiplier that supports investments in housing construction and rehabilitation, including redevelopment of sites, adding to the tax base and creating jobs.

Establish and/or modify the City's Public Subsidy Policy

To be successful in achieving the priorities outlined in the Housing Strategic Plan, it will be important for the HRA and City Council to clearly outline the goals and objectives of providing public funds for housing and redevelopment. This includes identifying policies related to use of an HRA Levy, Housing Trust Fund, Tax Increment Financing, Tax Abatement and any funds accepted and utilized for the purpose of implementing the Housing Strategic Plan.

The benefits of establishing and/or modifying City Public Subsidy Policy with a clear, strong public finance policy that outlines the goals and objectives of the City includes the following:

- Ensure that the City/HRA leaders are accountable to their residents with regards to how public resources are utilized.
- Send a strong message to the development community regarding the methods that the City/HRA is willing to support and partner to achieve community goals.
- Provide clarity to residents as well as the development community that in turn decreases uncertainty and risk resulting in lower affordable housing project costs.



Photo Credit: City of Golden Valley

**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 ADOPTED	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