

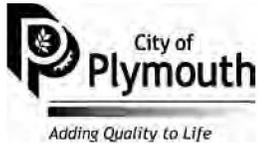
**CITY OF PLYMOUTH  
AGENDA  
SPECIAL COUNCIL MEETING  
WITH THE HOUSING AND REDEVELOPMENT AUTHORITY  
MAY 25, 2010, 5:30 p.m.  
MEDICINE LAKE CONFERENCE ROOM**

**1. CALL TO ORDER**

**2. DISCUSSION TOPICS**

- A. Consider providing various forms of assistance to Sand Companies to help facilitate the development of a 67-unit work-force housing project proposed to be located at the intersection of County Road 47 and Vicksburg Lane and provide staff direction with the project support letter to the Minnesota Housing Finance Agency (MHFA).

**B. ADJOURN**



**SPECIAL JOINT  
COUNCIL MEETING  
AND HRA MEETING**

May 25, 2010

**To:** Laurie Ahrens, City Manager

**Prepared by:** Jim Barnes, Housing Programs Manager

**Reviewed by:** Steve Juetten, Community Development Director

**Item:** Sand Companies – Single Family/Multiple Family planned unit development located at the northwest corner of Vicksburg Lane and County Road 47.

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**1. ACTION REQUESTED:**

**Consider providing various forms of assistance to Sand Companies to help facilitate the development of a 67-unit work-force housing project proposed to be located at the intersection of County Road 47 and Vicksburg Lane and provide staff direction with the project support letter to the Minnesota Housing Finance Agency (MHFA).**

**2. BACKGROUND:**

Sand Companies recently presented a schematic plan to the Planning Commission, Housing and Redevelopment Authority (HRA) and City Council (Council) on the proposed construction of a 67-unit work-force multi-family apartment building to be located at the northwest corner of Vicksburg Lane and County Road 47 (see attached location map and site plan).

The primary source of funding for the proposed development is expected to come from MHFA and the Low Income Housing Tax Credit Program (Tax Credits). Other MHFA programs and Hennepin County programs are being investigated as well. Further, Sand Companies is requesting financial assistance from the Council and HRA. This assistance will help fill an expected financing gap as well as provide points to increase the scoring of the highly competitive Tax Credit application process. Without assistance from the City, the current estimated application score is 66 points, with the requested City assistance, the estimated score would increase to 80 points. In the past two years the minimum score range for selected projects has been 68-79.

Sand Companies is requesting the following assistance:

- Direct financial assistance;
- Waiving a portion of City charged development fees; and
- Providing Project-Based Section 8 vouchers.

## **Financial Assistance**

Sand Companies is requesting direct financial assistance in the amount of \$600,000 or approximately \$9,000 per unit. This compares to \$44,000 per unit for Stone Creek Village and \$10,000 per unit for Vicksburg Commons. Providing direct financial assistance would add 2 points to the MHFA application.

Staff has reviewed the request and has come up with four options the City and HRA could consider if the desire is to provide Sand Companies with direct financial assistance.

A. The use of existing excess TIF dollars – New legislation created through the 2010 Minnesota Jobs Bill allows the City/HRA to utilize unspent increment from existing TIF districts to facilitate development. This legislation requires a funded project to be started between now and July 2011. If you recall during a recent update on our tax increment districts, the City's TIF district 7-4 currently has a fund balance of \$869,000, which is not currently needed. District 7-4 is in place to assist in covering any short fall in district 7-5A, however, a short fall is not projected until 2012 and the annual increment generated by district 7-4 will be more than sufficient to cover that short fall at that time. If this option is not selected the funds would be returned to the county for redistribution. The City's portion would be approximately ten percent.

B. Create a new TIF District specifically for this project – The City or HRA could create a new Housing TIF district. The negative of this option is the \$30,000 - \$40,000 of additional expenses that would be incurred to cover the set-up administrative costs, expenses that would increase the cost of the project. The current estimate of increment would be approximately \$850,000. If this option were selected, staff would recommend issuing a pay-as-you-go note to the developer and pay the obligation over 25 years.

C. Utilize HRA Reserves – The HRA currently has an unobligated balance of 1.4 million dollars. These funds have been accumulated over time to cover unforeseen expenses in either of the senior buildings, Section 8, general operations, or to fund special project(s) identified by the HRA. If this option is selected it would lower the available amount of reserve funds the HRA would have for future projects.

D. Any combination of the above options – The Council and HRA could choose to combine the different options above (i.e. use some excess increment and some HRA reserves) rather than just do one option or another.

## **Waiving of Fees**

Sand Companies has requested the City waive a portion of some of the development fees associated with the project. The waiving of fees for park dedication and/or City SAC and WAC fees would provide two additional points in the scoring (one for each waiver). Based on current fee rates, the project will pay a total of \$435,000 in park dedication and an estimated \$132,525 in City SAC and WAC fees. The application does not stipulate the amount that has to be waived of the fees, so at this point Sand Companies is requesting a waiver of \$2,000 in park dedication and \$2,000 in City SAC and WAC fees.

The City Council has never considered waiving fees in the past because the fees are earmarked for specific purposes for the long term health of the parks system and City infrastructure. One

option would be for the City to waive the fees and the HRA approve a transfer of an equal amount of funds from their reserve account to the funds where the fees were waived.

The Park Dedication fund has a current balance of \$2,560,657 and the Utility Trunk fund has a balance of \$16,476,004.

**Project-Based Section 8 Vouchers**

Sand Companies has asked the HRA to consider providing a minimum of seven Project-Based Section 8 vouchers to the project. If the seven vouchers are guaranteed for a minimum of 10 years, 5 points would be added to the MHFA application.

**3. BUDGET IMPACT:**

There will be a financial impact to the City or HRA if financial assistance is provided to the project. The impact will depend on which option(s) are selected. If TIF is selected, the taxes paid by either a new district or TIF district 7-4 will be captured for a period of time and the City and County will not receive their portion for that period of time. If The HRA reserves are selected then the impact will be to the HRA reserve account.

**4. RECOMMENDATION:**

Staff is recommending the following:

- a. Waive \$2,000 in Park Dedication fees – reimbursed with HRA reserves
- b. Waive \$2,000 in SAC/WAC fees – reimbursed with HRA reserves
- c. Commit Seven Project-Based Section 8 vouchers for a 10 year period
- d. Provide a forgivable loan from the HRA reserves in the amount of \$300,000
- e. Provide a forgivable loan from excess increment in TIF district 7-4 in the amount of \$300,000

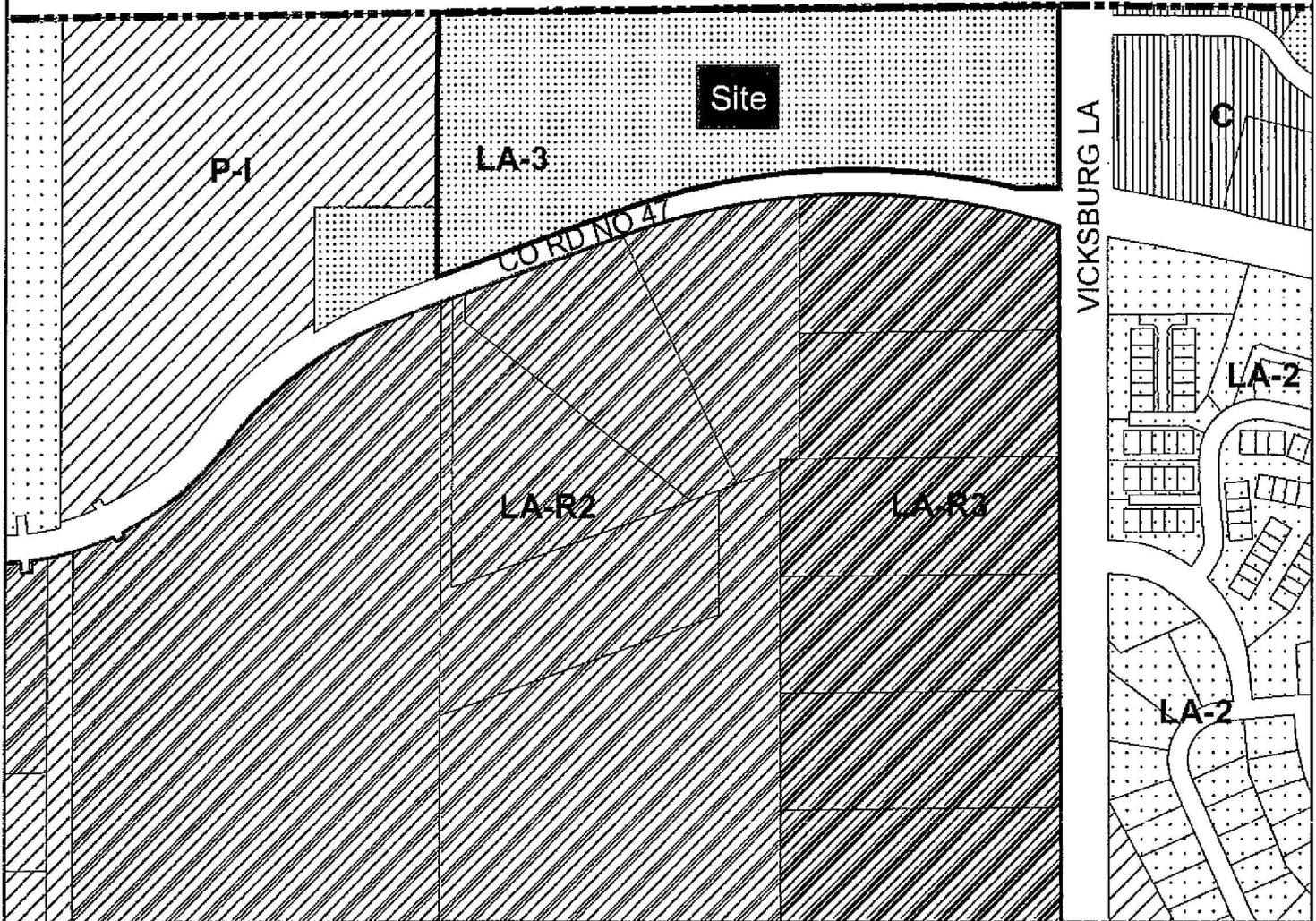
**5. ATTACHMENTS:**

Location Map

Site Plan

Draft City/HRA Commitment Letter

**City of Maple Grove**



**Location Map- 2010004**  
**DR Horton/Sand Companies**  
**15920 County Road 47**  
**Sketch Review**



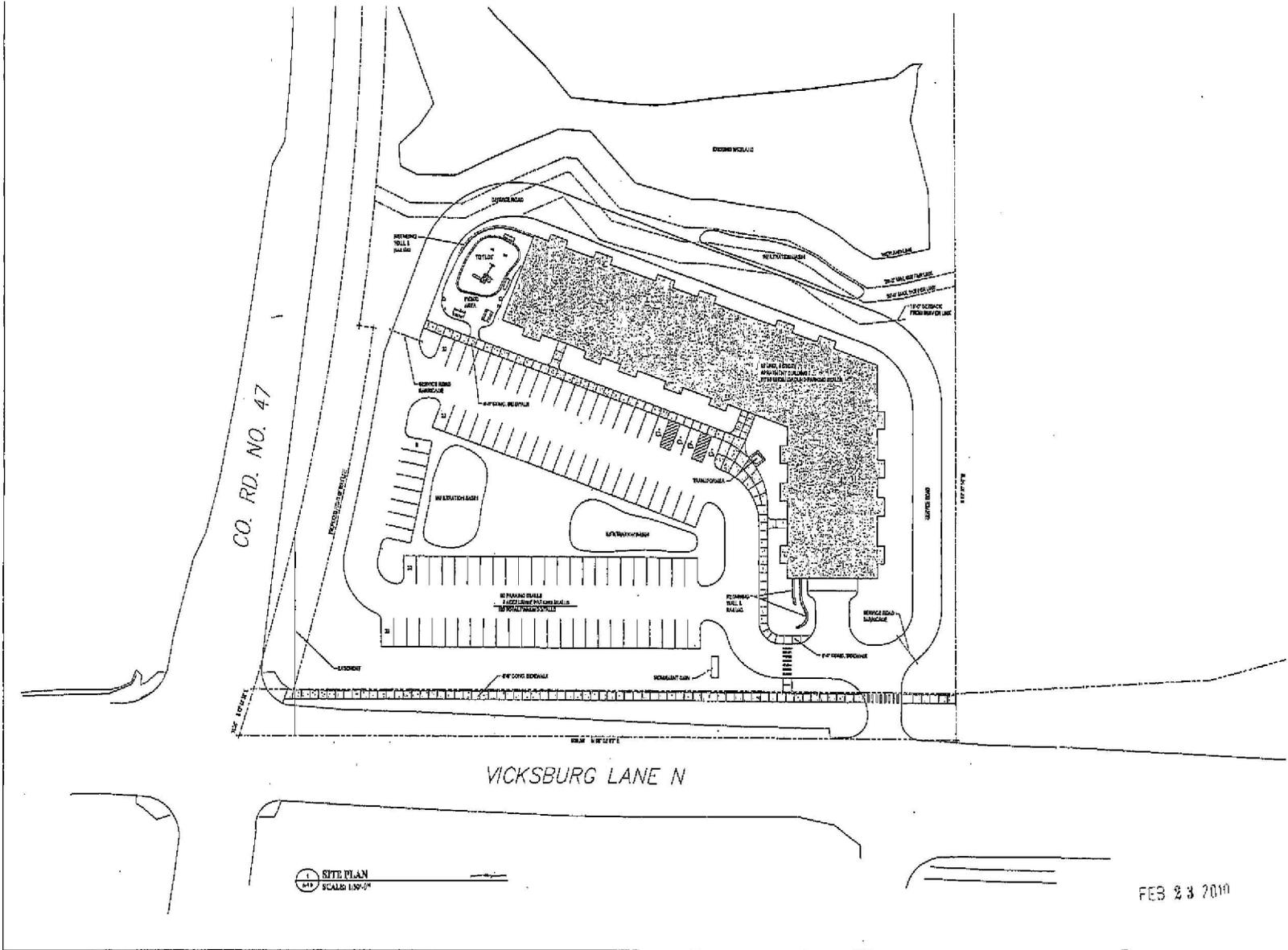
City of  
 Plymouth, Minnesota



**Legend**

- C, Commercial
- CC, City Center
- CO, Commercial Office
- IP, Planned Industrial
- LA-1, Living Area 1
- LA-2, Living Area 2
- LA-3, Living Area 3
- LA-4, Living Area 4
- LA-R1
- LA-R2
- LA-R3
- LA-RT
- P-I, Public/Semi-Public/Institutional
- Rural-to-Urban Transition Zone





**SCI**  
Sand Companies, Inc.  
10000 Highway 10  
360 South Third Avenue  
PO Box 727  
Wichita Falls, TX 75375-0727  
Office: (940) 362-4128  
Fax: (940) 370-4128  
Website: www.sci-sand.com  
E-Mail: SCISandCompanies@aol.com

I HEREBY CERTIFY THAT THE PLANS SUBMITTED ARE MY OWN WORK AND THAT I AM A LICENSED PROFESSIONAL ENGINEER IN THE STATE OF TEXAS. I HAVE REVIEWED THE PLANS AND I AM SURE THAT THEY COMPLY WITH ALL CITY, STATE AND FEDERAL REQUIREMENTS. I HAVE ALSO REVIEWED THE PLANS AND I AM SURE THAT THEY COMPLY WITH ALL CITY, STATE AND FEDERAL REQUIREMENTS.

DATE: \_\_\_\_\_

SCALE: \_\_\_\_\_

PROJECT NO: \_\_\_\_\_

DATE: \_\_\_\_\_

SCALE: \_\_\_\_\_

PROJECT NO: \_\_\_\_\_

**67 UNIT APARTMENT**  
**PLYMOUTH, MN**  
**SITE PLAN**  
**A-0.1**

M (12) 10  
11/11/10

CO. RD. NO. 47

VICKSBURG LANE N

SITE PLAN  
SCALE: 1"=40'

FEB 23 2010

**Client**  
DR HORTON

**Project**  
CORNISH  
PROPERTY

**Location**  
NW QUADRANT  
CNTY RD 47  
VICKSBURG  
PLYMOUTH, MN

**Certification**

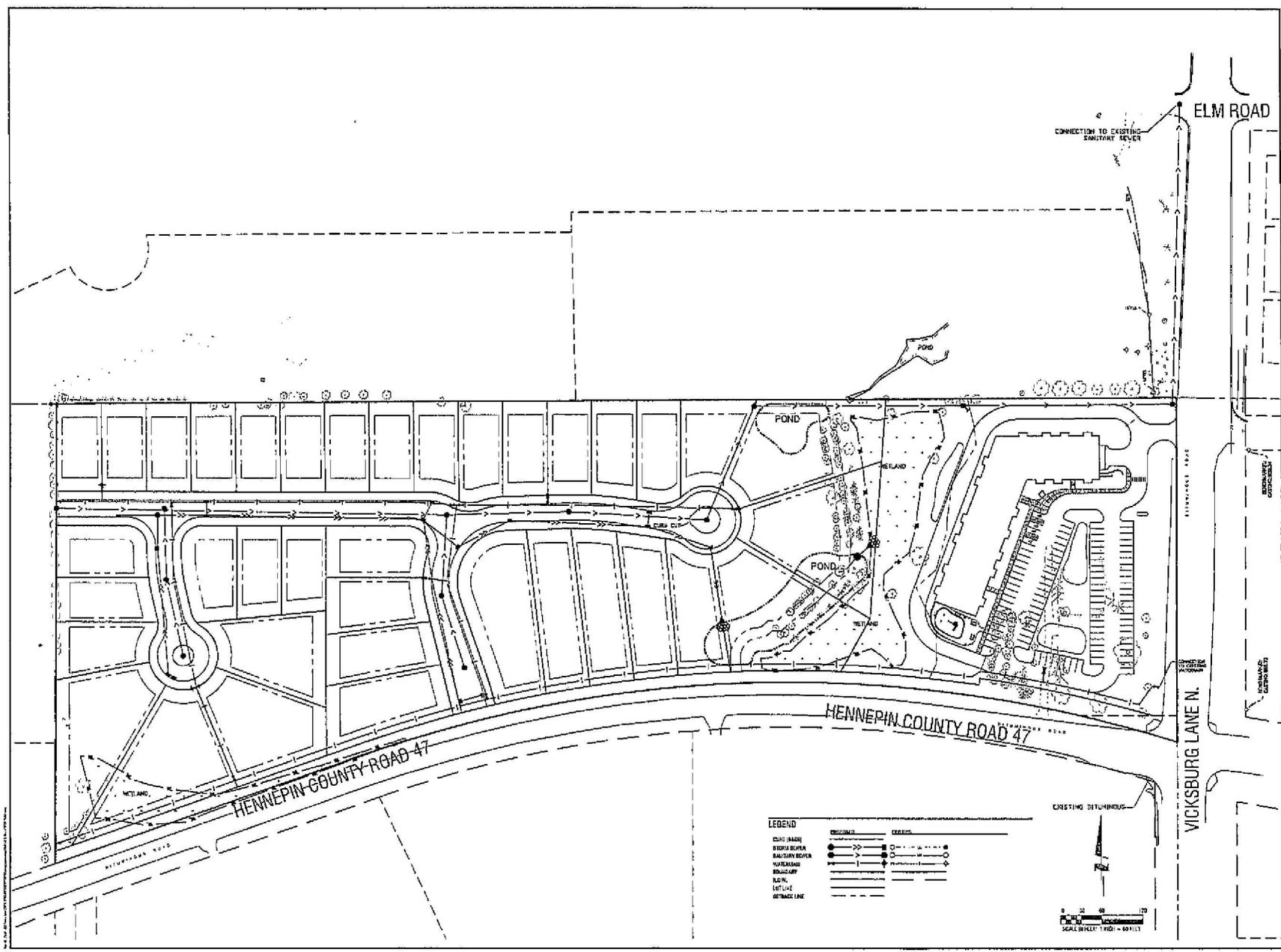
**Summary**  
Designed by: DRH/MLL  
Approved by: DRH/MLL  
Checked by: DRH/MLL  
Title: CONCEPT U. PLAN

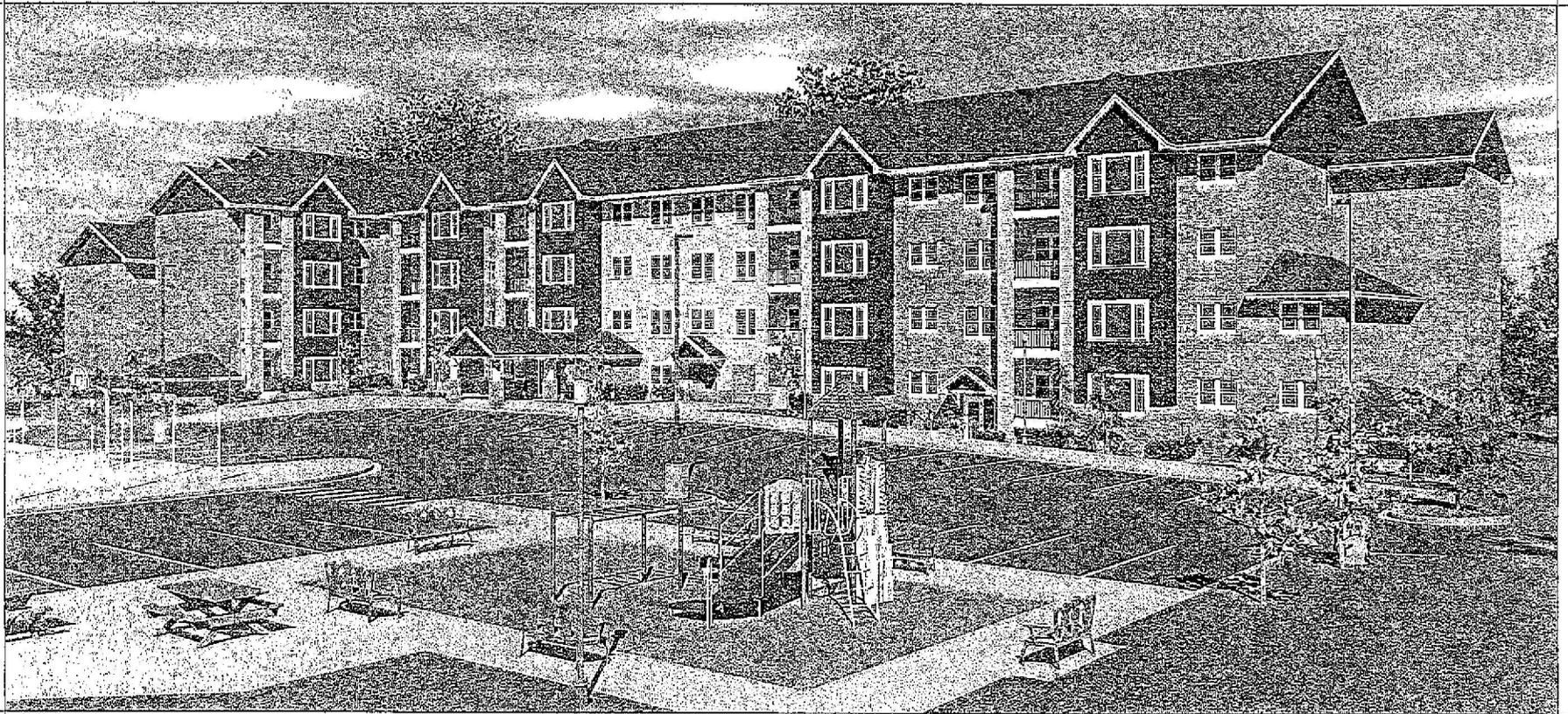
**Revision History**  
No. Date By Submittal / Description

**Sheet Title**  
CONCEPT U.  
PLAN

**Sheet Number** Revision  
**C-3**

**Project No.** DRH10411





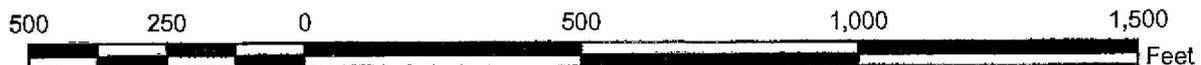
*MAPLE VILLAGE*  
*Maple Grove, Minnesota*

**SCI**  
Santitas Companies, Inc.  
Commercial Real Estate Services  
118 East 10th Street  
Des Moines, IA 50319  
Phone: 515.281.1100  
Fax: 515.281.1149  
Website: www.santitas.com  
E-Mail: SCI@Santitas.com



City of  
Plymouth, Minnesota

## Aerial Photograph- 2010004



May 25, 2010

Minnesota Housing Finance Agency  
400 Sibley Street, Suite 300  
St. Paul, Minnesota 55101  
Attention: Multifamily Underwriting

RE: Housing Tax Credit Program & Super RFP.  
WEST VIEW ESTATES – PLYMOUTH.

Dear Multifamily Development:

The City of Plymouth is a community made up of residents, businesses and institutions sharing a common history. For years, many people have thought life is good in Plymouth and now many more people are in on the secret. Money magazine ranked Plymouth as the number one Best Place to Live in the United States. A sense of home, parks and award winning schools helped put Plymouth at the top.

One of the primary purposes of a community is to serve as a place of residence for its citizens. Assuming this charge, offering a mix of life cycle housing opportunities becomes a challenge for local governments especially in the suburbs. The City has a strong desire to support affordable and work-force housing and is an active participant in the Livable Communities Program. The City's Comprehensive Plan sets goals that emphasize the development of a variety of housing types that are suitable for a mix of incomes including work-force housing. Developers and the City must be partners to cooperatively develop housing plans to provide life cycle housing in Plymouth.

To promote and participate in rental housing opportunities, the City has provided incentives for affordable housing developments. As a cost reduction measure to endorse West View Estates, if the project is selected for funding the City will provide the project with a density bonus, flexibility in zoning and fast track permitting and approval. The City will also waive \$2,000 in local development fees and \$2,000 in local WAC charges.

The City of Plymouth also proposes significant local financial contributions for this project as part of its participation and endorsement. If the project is selected for funding, the City Council and the Plymouth Housing and Redevelopment Authority supports the use tax increment financing (TIF) for the project or other funding means to achieve up to \$600,000 in assistance.

In addition to waiving a portion of the development fees and providing financial assistance to the project, the Plymouth HRA will commit seven Project-Based Section 8 Vouchers to the project for a period of ten years.

The proposed development is an excellent opportunity for the City of Plymouth to meet a portion of its housing goals. This endorsement is based upon the findings that the project will meet locally identified housing needs and that the proposed housing is in short supply in the local housing market. This need is evidenced by the gap between the local supply and demand for the proposed type of housing.

The City Council's and the Plymouth HRA's endorsement is evidenced by this letter of support for the proposed development. We respectively request funding approval for this needed development in the City of Plymouth.

Sincerely,

Sincerely,

The Honorable Kelli Slavik  
Mayor, City of Plymouth

Jeff Kulaszewicz  
Chair, Plymouth HRA