



July 11, 2019

The Honorable Mayor, Rhonda Pownell, and  
Northfield City Council Members  
City of Northfield  
801 Washington St S  
Northfield, MN 55057

RE: Proposed Maple Brook Townhome Development

Dear Mayor Pownell and City Council Members:

The Northfield Housing & Redevelopment Authority (HRA) adopted Resolution 2019-04 endorsing the development of 28 Townhomes by Schrom Construction on February 26, 2019. The resolution further supported Tax Increment Financing (TIF) for the development. The HRA's support of the project was based on the overall need for housing in Northfield and the need for affordable housing.

The scope of the project has been altered since Resolution 2019-04 was adopted. The project will yield four fewer overall units. The HRA remains firmly in support of the 24-unit development.

Utilizing TIF financing for the project ensures that 20% of the newly developed units are affordable to renters whose incomes are at 50% of the area median income (AMI). The original plan for 28 units called for a 15 year, pay-as-you-go TIF. That would have required 6 units to be rented at the affordable rate for the life of the TIF or 15 years. The new project scope of 24 units calls for 25 year, pay-as-you-go TIF. This requires 5 units to be rented at the affordable rate for the life of the TIF or 25 years. In addition, the suggested rental rates listed by the developer, for the other 19 units, are within the affordable range of renters whose incomes are at 80% of AMI.

The City of Northfield is experiencing a 0.3% vacancy rate and needs 350 additional housing units according to a recent housing market study. A market study completed in January 2018 by Maxfield Research, placed the vacancy rate at less than 1%. A vacancy rate of 5% is considered healthy for a community. More than 5% vacancy, while providing lowered rents, can create an unstable market for rental property owners to maintain safe and decent housing. Less than 5% vacancy can drive rental prices up beyond the reach of new and existing tenants while impacting the ability of local business to maintain or increase their workforce.

The Maple Brook project proposed by Schrom Construction meets the goals of the HRA and the Northfield Strategic Plan by providing 24 units of workforce housing which will be affordable to families at 50% of AMI (5 units) and 80% of AMI (19 units). The project provides much needed workforce housing while helping to ease extremely tight vacancy rates in Northfield.

Sincerely,

A handwritten signature in black ink that reads "Dayna Novold". The signature is fluid and cursive, with "Dayna" on the top line and "Novold" on the bottom line.

Dayna Novold  
Board Chair, Housing & Redevelopment Authority