



Legislation Text

File #: HRA Res. 2018-004, **Version:** 1

DATE: April 24, 2018
TO: Members of the Housing & Redevelopment Authority
FROM: Janine Atchison, Housing Coordinator

Resolution of Support for the Spring Creek II Housing Project

SUMMARY AND ACTION REQUESTED:

The Housing & Redevelopment Authority (HRA) to review and adopt Resolution 2018-004 for site control of parcel 22.07.3.03.003 and support of tax increment financing.

BACKGROUND:

In March of 2017, non-profit developer Three Rivers Community Action Agency (TRCA) agreed to partner with the HRA on a new project to increase the number of affordable rental housing units at Spring Creek Townhomes. The proposed project will be located on a portion of the 11.18 acres owned by the HRA in the Southbridge area.

The HRA land is part of a larger development site that was initially platted by Arcon Development as the Southbridge Subdivision. A final plat for the Southbridge 1st Addition was approved in 2003, and development proceeded until the recession in 2008. At that time, the remaining land was split between the HRA and the neighboring property owners (Vern & Joan Koester).

In 2017, staff met with TRCA and the Koester's and considered numerous concept plans involving a potential land swap. In December of 2017, it was determined that the HRA and TRCA would move forward with a concept for development on the 11.18 acres owned by the HRA. The HRA agreed to donation of up to 4.5 acres of HRA owned land for the creation of affordable workforce housing in the Southbridge area for the project.

It is anticipated that the remaining HRA land will be developed in 2 or more phases. The first phase will include the construction of 32 townhome dwellings (Spring Creek II) and required infrastructure.

Phase I Infrastructure

- Southbridge Drive extension to the western edge Phase I
- Millstream Lane constructed from Southbridge Drive to Brookside Drive
- Brookside Drive constructed from Millstream Lane to the western edge Phase I

A preliminary timeline for the proposed project is as follows:

- March to April 30th, 2018: Project design phase. Cost estimates, unit mix, concept layout, request for

site control from the HRA, Community Meeting to share ideas

- May 2018: Concept finalized for the tax credit application. Information shared with the City Council (cost, unit mix, layout, proposed design options, projected funding gap).
 - Syndicator review of project = total tax credit projection developed
 - Market Study complete by May 11th
 - May 8th- TIF estimate needed prior to City Council meeting. Ehlers estimate on the TIF capacity of the project.
 - May 15th - Request City Council approval of the project and TIF. If TIF cannot be calculated in time, we can push this back to June 5th as long as we know it will likely pass without issues
- May 30th, 2018: Intent to Apply due to MHFA. Site Control and project concept needed.
- June 14th, 2018: MHFA LIHTC Application Deadline
- October/November, 2018: Funding award announcements - hopefully we get it the first time
- December to June, 2019: Closing process with MHFA and investor/other funders
- August, 2019 - Construction begins

The LIHTC funded projects will be announced later this year in October or November. However, even with LIHTC financing in place, there will be a gap in the funding needed to complete the project. The project will need Tax Increment Financing (TIF) to assist with infrastructure costs to be viable. TRCA Staff along with HRA Staff will present a draft of the Spring Creek II project to the Northfield City Council at a work session on May 8, 2018 and seek a letter of support for TIF at the May 15th City Council Meeting, to be included in the LIHTC application.

A community meeting has been set for 5:30 pm on April 26, 2018 in the Northfield Middle School Cafeteria. City Staff and TRCA will present concept plans and other information about the Spring Creek II project to local area residents. Vern & Joan Koester will present similar information regarding their proposed development plans for a single-family residential subdivision.

ANALYSIS:

The Spring Creek II project aligns perfectly with the City's strategic initiatives to provide affordable, workforce housing in Northfield.

The HRA's land donation to TRCA will serve as leverage to gain LIHTC and other financing tools for the project's successful completion. The HRA resolution confirming the land donation will assist with strengthening the TRCA application for tax credits. The land donation will occur only after the successful tax credit application by TRCA. Arlen Malecha, Coldwell Banker, has been engaged, by Staff, to provide a Brokers Price Opinion (BPO) to determine the value of the HRA donation of approximately 4.35 acres of land at Southbridge to TRCA for the project. The value of the land is needed for the LIHTC application.

RECOMMENDATION:

Staff recommends the HRA Board adopt Resolution 2018-004 for site control of parcel 22.07.3.03.003 and support of tax increment financing. The proposed public financing will include a pay-as-you-go Housing Tax Increment Financing District and the donation of up to 4.5 acres of HRA owned land. The financing will only be considered upon the successful application by Three Rivers Community Action Agency for Low Income Housing Tax Credits through the MHFA. This Resolution of support is needed for the MHFA application.