

ECONOMIC DEVELOPMENT AUTHORITY
City of Apple Valley
Dakota County, Minnesota
May 26, 2016

Minutes of the special meeting of the Economic Development Authority of Apple Valley, Dakota County, Minnesota, held May 26, 2016, at 6:00 p.m., at Apple Valley Municipal Center.

PRESENT: Commissioners Bergman, Goodwin, Grendahl, Hamann-Roland and Hooppaw.

ABSENT: Commissioners Maguire and Melander

City staff members present were: Executive Director Tom Lawell, City Attorney Michael Dougherty, City Engineer Brandon Anderson, Public Works Director Matt Saam, Finance Director Ron Hedberg, Planner Kathy Bodmer, and Department Assistant Joan Murphy.

Meeting was called to order at 6:01 p.m. by President Goodwin.

APPROVAL OF AGENDA

MOTION: of Hooppaw, seconded by Hamann-Roland, approving the agenda. Ayes - 5 - Nays - 0.

APPROVAL OF MINUTES

MOTION: of Grendahl, seconded by Bergman, approving the minutes of the meeting of March 24, 2016, as written. Ayes - 5 - Nays - 0.

CONSENT AGENDA

None

CREATION OF TIF DISTRICT FOR VALLEY BLUFFS SENIOR (PRELIMINARY PLATTED AS HUDSON DIVISION)

Community Development Director Bruce Nordquist stated the City approved the Valley Bluffs Senior Apartment development, a \$35 million development on the southwest corner of Cedar Avenue and 140th Street, at its January 28, 2016, meeting. The property owner has requested financial development assistance from the Dakota County CDA. The CDA is taking the lead to help the developer to identify financing assistance that will create affordable senior housing. The Valley Bluffs Senior Apartments would be set up for all of the 163 units to be affordable at 60 percent of the medium income or less. Similar income requirements were used for the CDA - owned Orchard Square, Cortland Square and Cobblestone Square senior apartment developments. The CDA also provided financing assistance for the privately-developed Apple Valley Villa and The Timbers senior housing. For a household with two people, the income requirement would be \$41,220 in 2016.

When financing assistance is requested, the policy of the CDA is the following:

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1. Receive local city review and support of the TIF request.
2. Have the Housing TIF District run the allowed duration of 25 years.

To achieve the level of affordability sought by the CDA and the Developer, the developer's request to the CDA includes TIF, HOME (HUD) funds, Minnesota Housing Finance Agency (MHFA) tax exempt bonds, and 4% housing tax credits. No Section 8 project based rent assistance is sought from the CDA or HUD.

The City is a strong supporter of senior affordable housing and this development helps the City achieve the affordable housing goals it has with the Metropolitan Council. In spite of the resources identified, the developer indicates that there is still a financing gap and has asked for the City's help. The developer approached the City requesting a reduction of park dedication, sewer availability charges (SAC) and park dedication fees. Instead, staff has offered a reprogramming of \$100,000 in 2016/2017 CDBG housing rehabilitation deferred loans to apply toward the site acquisition/site preparation that is required for the 163 unit project. The reprogramming might reduce the number of single family rehab projects this year by five, but the reprogramming is similar to what the City did in 2012 to assist the repair of the Glazier Townhomes directly adjacent to the 147th Street Redline Station. This would be the second Cedar Avenue/Redline related TOD, station area, affordable housing investment of CDBG resources made by the City.

Further discussion of the reprogramming of the CDBG funds will occur at a later date. For now, Dakota County seeks the City's support for establishing the TIF Housing District.

Lisa Alfson, Director of Community and Economic Development for Dakota County CDA, introduced the need for a TIF district.

Margaret Dykes, Assistant Director of Dakota County CDA, provided additional information.

Discussion followed.

MOTION: of Hooppaw, seconded by Grendahl, recommending the item be tabled. Ayes - 5 -
Nays - 0.

TIF PROJECT AREA CONSISTENT WITH SPECIAL LEGISLATION

Community Development Director Bruce Nordquist stated that on April 1, Fischer Sand and Aggregate made application to the Apple Valley EDA for consideration of tax increment financing and business assistance in the mining area. The proposed project is the reclamation of a gravel mining site and site preparation for mixed use development. Special legislation in 2013 allows the sand and gravel area to be qualified as a project area which would lead to the establishment of tax increment districts in the future, if certain conditions are met. Only the establishment of a "project area" is being considered at this time.

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Conditioned on a favorable legal opinion, the EDA is being requested to recommend the City Council adopt a resolution establishing a project area for future consideration of tax increment districts. The City Council is being requested to adopt the resolution establishing a project area. The 2030 Comprehensive Plan was completed by the City and accepted by the Metropolitan Council in 2009.

Significant public infrastructure improvements will be required and installed in the greater MBC area including: Significant storm water ponding and distribution, sanitary water and sewer that matches the intensity of development and the Johnny Cake Ridge Road and 153rd, 155th and 157th Street extensions.

Discussion followed.

MOTION: of Hamann-Roland, seconded by Hooppaw, recommending the City Council adopt a resolution approving TIF Project Area consistent with Special Legislation. Ayes - 5 - Nays - 0.

ADJOURNMENT

MOTION: of Hooppaw, seconded by Hamann-Roland, to adjourn. Ayes - 5 - Nays - 0.

The meeting was adjourned at 6:45 p.m.

Respectfully Submitted,

/s/ Joan Murphy
Joan Murphy, Department Assistant

Approved by the Apple Valley Economic
Development Authority on 7/28/16.

/s/ Tom Goodwin
Tom Goodwin, President