

**MINUTES OF THE HRA SPECIAL MEETING PROCEEDINGS
TUESDAY, AUGUST 16, 2022**

CALL TO ORDER

Pursuant to due call and notice thereof a special meeting of the Hopkins Housing and Redevelopment Authority was held on Tuesday, August 16, 2022 at 6:30 p.m. in the Council Chambers at City Hall, 1010 1st Street South.

Mayor Patrick Hanlon called the meeting to order with Council Members Beck, Hunke, Garrido and Balan attending. Others attending included Executive Director Mike Mornson, Assistant Executive Director Kersten Elverum, Stacie Kvilvang from Ehlers and Associates, and Brian Bochman from Enclave Companies.

ADOPT AGENDA

Motion by Balan. **Second** by Beck.

Motion to adopt the agenda.

Ayes: All.

Nays: None. Motion carried.

PUBLIC HEARING

1. Business Subsidy Agreement – Enclave Companies

Assistant Executive Director Elverum stated that the intention for this agenda item was to bring all of the agreements for the proposed redevelopment of the former Hopkins Cinema 6 site to the HRA and City Council during the August 16 meeting; however, due to unavoidable delays the agreements were not ready for consideration and will instead be presented at the September 6 HRA and City Council meetings. Because notice for the public hearing was already published, it must held as planned but no action would be taken.

The business subsidy is proposed as a one-time forgivable loan utilizing excess TIF from District 2-11 in the maximum amount of \$1,250,000 which will be used for demolition of the theater, exterior improvements to the existing retail space and outdoor public space. If the demolition costs are less than \$750,000, the forgivable loan will be reduced dollar for dollar.

Staff received 7 comments from the public prior to the meeting. Four of the comments requested some affordability to be included in the development; one comment asked for affordability, prohibition of first floor housing and City oversight of the public art; one comment proposed a renter rebate to get to affordability; and one urged for more consideration of equitable development.

Director Elverum provided additional information on the affordability requests. To require 15 percent of the units to be affordable at 60 percent Area Median Income

(AMI), the cost would be approximately 2.4 million dollars and allow for 23 affordable units. The City Council previously asked staff to provide cost information for both 10 percent and 5 percent affordable units. To have 10 percent of the units as affordable, the cost would be approximately 1.58 million dollars and allow for 15 units. The cost to have 5 percent of the units as affordable would be \$825,000 and allow for 8 units.

Mayor Hanlon asked for clarification that the 2.4 million dollars is not in the City's budget. Director Elverum confirmed the City does not have another source of funding to assist with the affordability costs for the development. Director Elverum also shared that the September 13 City Council Work Session agenda will be focused on affordable housing and provide a more in depth and focused discussion around affordable housing policies.

Council member Beck and Mayor Hanlon asked that staff look into the cost of requiring affordable units at 80 percent AMI.

Mayor Hanlon opened the public hearing.

Don Roesner, resident at 618 West Park Valley Drive, spoke against the financial subsidy. Mr. Roesner requested further information regarding details of the movie theater's lease, purchase agreement between Beard and Enclave Companies, the financial assistance given to Beard to build the theater and current taxes on the property. Written response to the questions was provided to Mr. Roesner after the meeting.

A resident at Raspberry Woods spoke to the high cost of renting and asked that affordability be considered when choosing a developer.

Billie Kraut, resident at 140 11th Avenue South, spoke in favor of mixed-income developments.

Jim Sapienza, resident at 133 11th Avenue North, shared concerns about the financial subsidy.

Motion by Hunke. **Second** by Beck.

Motion to close the Public Hearing.

Ayes: All.

Nays: None. Motion carried.

Council member Beck asked the City's financial advisor, Stacie Kvilvang from Ehlers and Associates, to expand on the numbers for the financial subsidy. Ms. Kvilvang provided additional information on the process for developers seeking financial assistance from the City. Enclave requests at least a 7 percent return on their investment, which is lower than current market norms at 10 percent. Further discussion

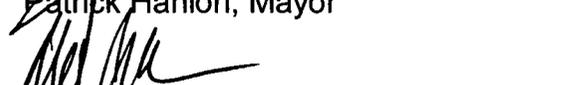
from the Council was generally in support of providing the business subsidy in order to redevelop the vacant building and bring more residents into Hopkins that will support local businesses, however, it was requested that affordability be further considered.

ADJOURNMENT

There being no further business to come before the HRA and upon a motion by Beck, second by Garrido, the meeting was unanimously adjourned at 7:09 p.m.



Patrick Hanlon, Mayor



Michael J. Mornson, Executive Director