

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
April 5, 2021
City Council Chambers

MEMBERS PRESENT: Mayor King. Council Members Paul Fischer, Rebecca Waller, Jason Baskin, Michael Postma, Oballa Oballa, Joyce Poshusta and Council Member-at-Large Jeff Austin

MEMBERS ABSENT:

STAFF PRESENT: City Administrator Craig Clark, Director of Administrative Services Tom Dankert and Police Chief David McKichan

STAFF APPEARING ELECTRONICALLY: Planning and Zoning Administrator Holly Wallace, Fire Chief Jim McCoy, Human Resources Director Trish Wiechmann, Public Works Director Steven Lang, Park and Rec Director Kevin Nelson, Library Director Julie Clinefelter and City Clerk Ann Kasel

OTHERS APPEARING ELECTRONICALLY: HRA Director Taggert Medgaarden, Diane Baker, Susan Strandberg, Honorary Council Member Teresa Lugo, Austin Daily Herald

Mayor King opened the meeting at 6:33 p.m.

Item No. 1 – Mill Pond Apartments Proposal

Housing and Redevelopment Authority Director Taggert Medgaarden stated the HRA is partnering with Three Rivers Community Action for a proposed 48 unit apartment building on the old YMCA site which would be for workforce housing. He stated the project would consist of a mix of one-, two-, three- and four-bedroom units with underground parking. A portion of the rents would be income based and there would be units set aside for the disabled and homeless.

The project scores high for tax credits because of the location and need for affordable housing. In addition, the demolition of the YMCA and reuse of the property is good for development in the downtown area.

Three Rivers is asking the City, HRA and Hormel Foundation to contribute to the project.

He stated a two-person household could earn approximately \$17 per hour and qualify for this housing.

Mr. Medgaarden stated he reached out to the YMCA to try to find a solution for the old building and he stated Three Rivers was a good partner with that project development.

Susan Strandberg stated Three Rivers has developed many housing projects in area communities including Fox Pointe in Austin. The proposed Mill Pond Apartments would be a 48-unit project with underground parking. There would be a community room, play equipment and office manager. She stated this would be targeted at over 50% of Austin households. She stated the project is very viable for tax credits because of the YMCA site which is walkable, has a transit site, falls in a qualified census tract. It also helps the YMCA get rid of a building that costs them over \$100,000 a year in maintenance and insurance. She stated proposed construction would begin in 2022.

Mr. Medgaarden stated the City of Austin needs all types of housing.

Diane Baker with the Austin YMCA stated there hasn't been any real interest in the property since listing it. The proposed project helps the YMCA get rid of a building that costs them over \$100,000 a year in maintenance and insurance. She stated the YMCA will pay off some of the new building with the money they would receive from the sale. She stated that housing changes lives and this type of housing would be very beneficial to the community.

Mr. Dankert stated the project will be close to \$16 million. He stated the Hormel Foundation would be providing funds, the City would provide TIF funding, Three Rivers would provide 12.6 million of mortgage and tax credits, there would be \$409,000 in energy and tax credits leaving a gap which they are looking to fill.

He provided a breakdown of the City's financing for the project stating that the majority of the funding would come from similar type projects. He noted that all of the funding would be paid back through the tax increment financing.

Mr. Dankert also stated that there is an opportunity to add a floor for a head start program which is currently located in a challenging facility. This would add \$2,700,000 to the project which is being looked at for possible funding sources.

He stated it starts with the City Council and the project won't be approved without City Council support. The project needs to have initial funding at the work session for the project to move forward. He stated location is key to the project.

Council Member Poshusta asked if Three Rivers is involved with Head Start.

Susan stated their sister agency, SEMCAC, runs Head Start.

Housing and Redevelopment Director Jerry McCarthy stated that the problem of lack of industrial development is lack of workforce housing. He stated the project is high on his priority list.

Mr. Dankert stated if the project makes it through the work session then it would be on the April 19th Council meeting. Time is very limited on this project and it needs to be approved very quickly to move forward. He stated he has it scheduled for the April Hormel Foundation meeting.

Mayor King stated he supports a market rate project on that site and he asked Mr. Clark to look into it and they talked to other developers on the project. He stated he knows of some developers that would like to build on the site and asked for patience on the project. He stated it is rare for a large property to be available on Main Street and he wants it to be market rate. He stated he would like to honor local businesses with tenants that have a little bit more of money.

Council Member Postma stated there is a desire for urban downtown apartment living. He stated would prefer market rate in that area. He stated there is interest from private developers and he would like to see those proposals.

Council Member Oballa stated there is a great need for affordable housing in Austin. He stated that the Hormel Plant is the industry that keeps Austin moving and those employees need a place to live. He stated the daycare in the facility would be a welcome addition to the community.

Council Member Fischer stated he is on the HRA board and supports affordable housing but would support market rate housing on this site. He stated the project is being rushed too fast.

Council Member Baskin asked what the timeline is for the market rate project.

City Administrator Craig Clark stated the developers are genuinely interested in the project but he couldn't provide a timeline or what the financial contribution from the City would be.

Elaine Hansen and Kristin Olson with the Austin Area Chamber of Commerce stated the Chamber supports market rate housing to support their member businesses in the area.

Council Member-at-Large Austin stated there are other plans for the market rate housing in town and there is a need for affordable housing in town. He stated the developers will be asking a large sum for a market rate project. He has heard a lot of compliments on the Fox Pointe project. He stated the affordable housing project tenants would also contribute to the downtown area.

Council Member Poshusta spoke in support of affordable housing and stated she is upset at some of the comments from the Council tonight because she works in public housing.

City Administrator Craig Clark stated it's important to understand how the projects fit in the community. He stated that the market rate building should be put in the more desirable spot.

Council Member Oballa stated that all Austin residents are important no matter the income. He stated the downtown location is key for the affordable housing project. He stated market rate apartments can be built anywhere.

Council Member Baskin asked what would happen if the project was pushed back a year.

Ms. Strandberg stated the project could be pushed back a year. She stated time is critical for this year and not making a decision is making a decision in this instance.

Council Member Baskin asked if there would be another place to put it in town.

Mr. Medgaarden stated it all depends on the individual site for the scoring and the YMCA site scores high because of the site.

Mr. Dankert proposed moving the project forward to the April 19th Council meeting. That would give a potential market rate developer two weeks to come up with a proposal and if there was not a proposal then the workforce housing project could move forward.

Moved by Council Member Baskin, seconded by Council Member Fischer, to table the item to the April 19, 2021 work session. Motion passes 4-3 with Council Member Poshusta abstaining and Council Members Oballa, Waller and Council Member-at-Large Austin voting nay. Mayor King voted aye and broke the tie vote.

The item will be placed on the April 19, 2021 work session.

Item No. 2 – Deferred Sanitary Sewer and Water Projects

Public Works Director Steven Lang stated the City has a number of old deferred sewer and water assessments from properties where infrastructure was built. The assessments were deferred 30 years or until developed. In total, there are 85 properties that total \$328,000. He stated there is one resolution from 1981 that assesses all deferred assessments prior to 1981. At that time the City Council deferred everything that had been outstanding and it would take a great deal of time to research those properties. He proposed removing the properties that were assessed under resolution 6772. That would result in 57 properties to assess for \$318,000.

City Clerk Ann Kasel stated that the remaining properties have had over 30 years to pay and she would like the cards removed from the system and assessed. Especially since a long-time employee of 43 years is going to be retiring in the next few years and she has all the knowledge on these properties.

Council's direction to staff was to remove the assessments under resolution 6772 and assess the remaining properties.

The item will be on a future Council meeting for assessment.

Item No. 3 - Administrative Report

None.

Item No. 4 – Open Discussion

Moved by Council Member Fischer, seconded by Council Member-at-Large Austin, adjourning the meeting at 8:30 p.m. Carried.

Respectfully Submitted,

Ann M. Kasel
City Clerk