

CITY OF FALCON HEIGHTS  
City Council Workshop  
City Hall  
2077 West Larpenteur Avenue

MINUTES  
December 16, 2020  
6:30 P.M.

NOTE: THIS MEETING WAS HELD BY WEB CONFERENCE

- A. CALL TO ORDER: 6:32 PM
- B. ROLL CALL: ANDREWS\_X\_ GUSTAFSON\_X\_ LEEHY\_X\_  
MIAZGA\_X\_ WEHYEE\_X\_  
  
STAFF PRESENT: THONGVANH\_X\_
- C. PRESENTATIONS:
- D. POLICY ITEMS:  
1. Amber Union – TIF Request

Administrator Thongvanh

The property was purchased by Buhl Investors and will be used for affordable housing. The owner applied for and received a number of grants but has not received any state bonding. The current projection is 60 percent AMI; there are a few more projects that are at 50 percent AMI so the likelihood of receiving funding is very low. To increase their chances of receiving funding, Peter has decided to move to 50 percent AMI but in doing so, will need some gap financing. Buhl Investors is now requesting TIF to help fill this gap. The base value of the property is 3.5 million.

Peter Deanovic, Buhl Investors

We have received approval from the National Park Service on the plans we propose for the building. We do not believe we will be able to receive financing unless we move to 50 percent AMI. This reflects about a 20 percent reduction in rent, which means that there is less money that can be used to cover costs. There is currently a gap of about 2.5 million. We still have the adjacent parking lot and have committed that we will not develop this until the project is completed. All units would be at 50 percent AMI, including the 3- and four-bedroom units.

To review our timeline with the site, Buhl Investors purchased the property in April 2019. We applied for bonds in July and received \$3.6 million. Later, the bonding process changed to a lottery system and we were assigned 7th priority within the housing pool. In May 2020 we applied for DEED grants and received \$151K. In November, we applied for additional environmental remediation funding and are still waiting to hear about the balance we will be

awarded. In January 2021, we are anticipating application to the Housing pool with the 50 percent AMI, dependent on gap funding.

Council Member Wehyee

If you do not receive funding at the 50 percent level, would the cost be transferred to renters?

Peter Deanovic, Buhl Investors

As we think about going in for the January round, one of the things we've seen is that in every instance, 50 percent projects take 2 bonding cycles. In the event that funding is not available in January, then we would be in the unified pool and at that point would be first priority in the summer.

Council Member Andrews

Would you be able to start the restoration this spring, regardless?

Peter Deanovic, Buhl Investors

That would be our hope. If we were able to bridge the funding gap we would like to proceed with the asbestos remediation in March, which is about a 3-month process.

Mary Ippel

If the city is interested in granting TIF for the project and this request is not out of the ordinary, in order to generate a TIF district, it's necessary to notify the County commissioner, the school district, a TIF plan is prepared. The maximum term cannot exceed 26 years. Once the document is put together, the level of assistance is negotiated. The law firm Taft will be preparing a development agreement containing the terms agreed to for assistance on a pay as you go basis for the term the City decides to agree to.

Mayor Gustafson

Do the school district and the county have to agree to the TIF district in order for it to go through?

Mary Ippel

No, they do not get any veto power. Under statute, they receive notice of the public hearing but the decision is solely of the City Council. All three jurisdictions' tax increment amounts, at the percentage decided by the City, are captured and go to the developer for development related expenditures.

Administrator Thongvanh

Typically, when cities set the amount at 90 or 95 percent, that remaining amount goes towards administration of the TIF, for consultant costs, reporting costs, etc.

With this property, the City has never received taxes except for once we did receive an amount based on a pilot agreement. Once Buhl Investors purchased the property, we would begin receiving property taxes.

Council Member Leehy

I am disappointed that we need to drop down to 50 percent AMI because that will leave some individuals out, but it is very clear as to why this must be done.

Council Member Andrews

Is it the case that individuals that qualify for this housing would not need to qualify for Section 8? When do you anticipate occupancy?

Peter Deanovic

That is correct. We anticipate occupancy in December 2022.

Mayor Gustafson

Just to clarify, in order to qualify to rent a unit, your income must be 50 percent or less of the area median income? Once a tenant's income increases beyond 50 percent AMI, would they no longer be able to live there?

Peter Deanovic

There is an income certification process, and depending on the size of your household that income threshold changes. There is an income certification process that is done in line with MHFA's guidelines.

Mary Ippel

The person does not get kicked out if their income exceeds 50 percent AMI. It just means that when the unit is rented initially, their income cannot exceed 50 percent AMI. Once their lease is up and their income exceeds the threshold, there are additional rules and regulations dictating eligibility.

Administrator Thongvanh

If there is consensus, the resolution would come before Council at the next meeting.

Mayor Gustafson

I'm in favor of moving this. I'm not a fan of tax increment financing but if we structure this one correctly I think it will be an asset to the community.

Council Member Wehyee

Yes

Council Member Miazga

Yes, please proceed.

Council Member Leehy

Yes, please move forward.

Council Member Andrews

Yes.

## 2. Police Services

Council Member Miazga

Our law enforcement contract will automatically go to Ramsey County on April 1 unless we have another entity on board by the end of March. I would like to communicate with other agencies that may be interested. Since 2016 I think our image has improved, and I am hopeful that there would be other agencies interested. I would like to authorize Sack to talk with other entities about their interest in providing services.

Mayor Gustafson

Nothing wrong with talking to other cities to find out if they would be willing to increase their services areas.

Council Member Andrews

I am curious what cities we are thinking of.

Mayor Gustafson

I would guess those we share a border with, so Roseville, St. Paul, and Lauderdale.

Council Member Leehy

We also have the U of M and the State Fair.

Mayor Gustafson

Yeah, it would be interesting to see if they would be interested.

Council Member Andrews

I am a little skeptical but I think this is better than trying to develop our own police department.

Administrator Thongvanh

I will continue to move forward on this and at some point, I will bring to council a letter of interest to send to area agencies. We would seek bids by March to allow us time to decide.

3. Honorary Street Naming

Council Member Leehy

I first learned that there was a desire for an honorary name in July 6, 2017. Larpenteur Avenue is a County jurisdiction, and after some changes made regarding authority and conversations with the County and MNDOT, the City does now have some authority to move forward. There is currently a petition circulating with about 20,400 signatures to rename a portion of Larpenteur from Fulham Street to Fry as Philando Castille Memorial Avenue

I think it's important for us to find out who in Falcon Heights is supportive of the naming. Once we have a direction, I will communicate with the family of Philando Castile to inform them.

Council Member Wehyee

Is there a length of time that the renaming would be valid?

Council Member Leehy

I assumed it would be permanent because of the significant work involved in the renaming of the street. The County just needs to be notified that it is happening. Another step that we could take is to notify residents and ask for their input before putting this as a policy item on a future council agenda.

Council Member Andrews

I am supportive of this moving forward. I think this is an opportunity for the Council to show leadership and make the change based on something we believe is important. I am also open to getting community feedback if other council members feel it is important.

Council Member Miazga

I think it's pretty straightforward. I am ok with proceeding without the input, the cost is minimal.

Council Member Wehyee

I am ok either way. Ultimately, I just want to see the sign up. I think this is a great opportunity to get input, which is something we are sometimes criticized for not doing enough of.

Mayor Gustafson

I do think it would be good to have some community input on this.

Administrator Thongvanh

It would be difficult to track whether the survey respondent is a resident. Another item to consider is that in doing a survey, you have to be willing to face results that don't match what Council wants to see.

Council Member Leehy

I think in wording of the question, we should be clear that we are seeking resident feedback.

Council Member Wehyee

I would like to see an open-ended option for people to explain why they do or do not support the renaming.

Administrator Thongvanh

Do we have consensus to move forward with the project? Or would you like staff to conduct a survey?

Council Member Miazga

It seems like the consensus is a survey.

Administrator Thongvanh

I will work with Melanie on the survey and we will bring it back to the Council to review survey questions and eventual results.

E. INFORMATION/ANNOUNCEMENTS:

Council Member Wehyee

We did have a great Human Rights Day event, I want to thank our panelists, staff, and all who helped make the event possible.

Administrator Thongvanh

Let me know if you have any questions about the TIF district for the Amber Union project. Staff ordered new benches for the parks as well as ADA accessible picnic tables. We flooded the ice rinks at Curtiss Field and the Community Park. I am working with the City Attorney and St. Paul Fire to move forward with our process, there will be ordinance changes that are needed in January. I have received a number of requests for recognition in the form of plaques. I have also received requests for fire gear, and for the city to continue funding training for new recruits. At the meeting on the 23, we will appoint the new staff person as Community Development Coordinator.

Council Member Leahy

I just want to say that I am in agreement of sending recognition to our fire fighters.

Council Member Wehyee

Will we be having a formal vote on the issue of the fire department? Or does the previous workshop constitute the final decision?

Administrator Thongvanh

The budget approval was one step towards that. In January, there will be a public hearing. The Council will have to decide on the ordinance amendment. The amendment would add authority to the City to contract out for those services.

F. ADJOURNMENT: 8:10 PM

  
Randall C. Gustafson, Mayor

Dated this 16th day of December, 2020

  
Sack Thongvanh, City Administrator