



## Regional Council of Mayors

April 8, 2013

### PRESENTATIONS

#### HOUSING ISSUES

Both residents and lower-priced market rental units are aging in many of the Metro area's cities, and the right tools to finance solutions to these issues don't seem to exist, mayors said.

Eagan Mayor Mike Maguire, co-chair of the ULI Minnesota Housing Initiative, asked mayors to talk about the housing challenges and opportunities in their communities, so the initiative can link policy issues with the on-the-ground issues that cities are facing.

In Eagan, for example, Maguire said that much of the housing stock was built in the 1950s and 1960s. Especially with the recent economic downturn, many of the city's seniors are staying in their homes whether they prefer that or not, because they think they can't sell them. "These would be the starter homes for the younger generation," Maguire said. "We've been thinking about senior housing, but in a different way. We're trying to broaden our view of what those 55 and up want to live in."

The issues in other cities were similar:

- Richfield—Mayor Debbie Goettel said, "There's a difference in what policy says about affordable housing and what HUD finances. If we're going to say we want affordable housing in mixed use buildings, then fund it." Richfield has a number of older apartment buildings constructed in the 1960s and 1970s that need updating to be attractive to renters today, but there is no financing tool that can help refurbish them. She said Richfield has quite a few senior high-rise buildings, but that today's newer seniors aren't interested them. "The people in them now are 80 to 85 years old; 55-year-olds don't want to go in them," she said. "We're now talking about developing new senior housing when we have vacancies in some of the buildings we have." Goettel also was concerned about what happens to housing being built today for Baby Boomers after that generation is gone.
- Minnetonka—Mayor Terry Schneider said some housing that initially was subsidized to be affordable is now coming off that program. "They either increase the rent or they don't have the funding to keep it up," he said. The city is experimenting with using a special assessment—making it a loan, not a grant—so a building owner can upgrade."

- Woodbury—Mayor Mary Guilani Stephens said a recent change in the definition of affordable housing “would force almost every new house in Woodbury to be affordable housing.” For senior housing, she said the market seems to be responding best to transitional campuses, where seniors can go from independent living to assisted living to nursing home services in one housing development.
- Shoreview—Mayor Sandy Martin said money to help with the renovation of aging apartment units would be meaningful for her community. She also asked that there be some kind of analysis of housing for the whole region, to get a sense of just how much senior housing will be needed in the future and just how many rental units are needed. “Builders come in and tell us what they want us to hear,” she said.
- Savage—Mayor Janet Williams said the kind of housing seniors want is not necessarily different than that of other renters. In Savage, workforce housing was built near shopping and other amenities—and immediately became attractive to independent seniors.
- Wayzata—Mayor Ken Willcox said that a 15-acre senior complex now being built in Wayzata is already 70 percent leased, for the most part with residents of the city. But the project is not an affordable housing project.

Several mayors said they were concerned that the building that has gone on in the past is not in sync with what today’s seniors want. “A developer doesn’t want to build something that isn’t going to sell,” said Dewar. She talked about “stranded assets,” or property that is no longer attractive for the current market. “The senior housing issue has to nest in the bigger issue of housing.”

Minneapolis Mayor R.T. Rybak said he would like to see examples of some of the cutting edge things being done in other communities around the country to create senior housing. He also proposed that some of the land now owned by the Metropolitan Council and used for park-and-ride lots could be quickly turned into affordable or workforce housing.

### **The Space Between**

Although various kinds of subsidized housing options have been explored to provide affordable housing, a key component in many communities is unsubsidized affordable housing—usually in the form of lower-cost rental units.

Cathy Bennett, ULI Minnesota, said there are 120,000 units of unsubsidized affordable housing in the Twin Cities area—or at least that’s a best guess; because it’s not subsidized, not every city has full numbers on how many units there are.

The Minnesota Preservation Plus Initiative (MPPI) has been exploring ways to identify and preserve unsubsidized affordable housing units. A full report on MPPI’s findings and recommendations will be released in May, but Bennett pointed out some of the key recommendations in the Executive Summary, which include developing an inventory of unsubsidized affordable housing, making sure

the Metropolitan Council Regional Housing Policy includes unsubsidized affordable housing and supporting “mission-driven” owners entry into the market.

There are ways to provide support to unsubsidized units—without turning them into subsidized units, Bennett said. These can include local rent subsidies, second mortgage/mezzanine debt/loan participation or property tax incentives. Cities can use rental licensing programs to incentivize and reward owners that keep up their properties—and penalize those that don’t.

Bennett said strategies for unsubsidized housing will be incorporated into the Minnesota Housing Toolbox

[http://www.housingpolicy.org/toolbox/index\\_MN.html](http://www.housingpolicy.org/toolbox/index_MN.html).

[View Presentation.](#)

## **LEGISLATIVE UPDATES**

Some legislative efforts that have been unsuccessful for years seem to be having a better response in the 2013 Minnesota Legislature, said representatives of groups lobbying for transit and cities.

### **Transit**

Although the amount and method of financing transit are still undetermined, Dave Van Hattum, Transit for Livable Communities

<http://www.tlcmnnesota.org/index.php>, said there is broader support for transit options. About 50 organizations representing transit and road/highway options have come together as Transportation for a Stronger Economy <http://www.transit4mn.org> to urge funding for multiple modes of transportation in order to keep the state competitive.

Van Hattum said that the Minneapolis Regional Chamber of Commerce has endorsed a 1/2-cent increase in the sales tax to support transit, with about 5 percent to be set aside for pedestrian and bike travel. He said he expects to see a 5- to 7-cent increase in the gas tax. (Since this meeting, Gov. Mark Dayton has said he will not support a gas tax, so it has been taken off the table.)

Ann Finn, League of Minnesota Cities <http://www.lmnc.org>, said she had been expecting to see a transportation bill earlier in the legislative session. “Clearly there’s disagreement about something. Maybe the gas tax, maybe the sales tax.” She said there’s also disagreement about what agency will implement any sales tax increase for transit.

### **City issues**

Finn said a bill to help cities do special assessments for street improvements would allow collecting those assessments from nonprofit and state properties. The bill initially covered new construction, reconstruction and maintenance of city

streets, but was amended to cover only maintenance. Still, Finn said, “This is my twelfth session working on it and this is the furthest we’ve ever gotten.”

## **Taxes and bonding**

Patricia Nauman, Metro Cities <http://www.metrocitiesmn.org>, said she was surprised at how little seemed to have moved by April 8. “We have six and a half weeks to go and there is a lot of work to do,” she said. “We don’t have tax bills, bonding bills, transportation bills. Everything in the omnibus bills is being done behind the scenes.” (Most of these bills were introduced later that week.)

Nauman said the Local Government Aid bill would bring more money into the Metro area. She also said both legislative bodies are looking at ways to bring property tax relief to homeowners, either through restoration of a circuit breaker for the homestead credit or restoring the market value homestead credit. Mayors said they hope that any property tax relief would go directly from the state to property owners, rather than have it go through cities’ taxing.

Nauman said the Senate tax reform committee was to hear the Metro Cities bill that would reinstate the sales tax exemption for cities, which was changed more than 20 years ago. “This would be real tax reform,” she said, but it also would be costly.

## **FIX THE DEBT**

A bipartisan/nonpartisan group called The Campaign Fix the Debt is urging Congress to come up with a plan to fix America’s debt. Eagan Mayor Mike Maguire, a member of the Minnesota chapter of the group, asked mayors, as individuals of their cities, to get involved with the campaign. He said he believes a “Grand Bargain” may be put together sometime in August, but it will take pressure local opinion leaders. He and ULI Minnesota Executive Director Caren Dewar will draft a letter than mayors can sign as individuals to show their support for bipartisan work to fix the national debt.

## **EXECUTIVE DIRECTOR’S REPORT**

### **GREATER MSP**

Greater MSP Ahead (initially called Reality Check 2020) a visioning exercise to build regional consensus around investment, will convene on Friday, April 19, from 8 am to 4pm at the St. Anthony Main Event Centre in Minneapolis. ULI Minnesota is bringing together regional leaders to look at scenarios for the region’s development. A follow-up meeting in late May will begin mapping out specific steps that would need to be taken for agreed upon scenarios to take place. This kind of process has been used in several regions of the country to look at where and how it makes sense to encourage and support growth.

(For more information, go to <http://www.uli.org/programs/local-programs/reality-check-regional-planning-sustainable-development/>.)

Dewar said that, as of April 8, there were still 40 tickets left for the invitation-only event. Attendees will be “a great mix of business leaders, political leaders and next-generation leaders,” she said. (It has since sold out.)

Greater MSP Ahead is free for attendees. For details, or to register, email Katie Anderson at [katherine.anderson@ULI.org](mailto:katherine.anderson@ULI.org).

## **COMING UP**

The next RCM meeting will be held on Monday, May 13, 2013 from 11:30 am to 1:30 pm. The meeting will focus largely on Metro Transit and how they analyze and implement service growth. RCM meetings are held on the second Monday of every month at Dorsey & Whitney.

Mayors are encouraged to email [caren.dewar@uli.org](mailto:caren.dewar@uli.org) with their suggestions for topics to add to the agenda.

## **ATTENDEES**

The following individuals were in attendance on April 8, 2013:

### **Mayors**

Jim Adams, City of Crystal; Ardell Brede, City of Rochester; Jerry Faust, City of St. Anthony; Mary Giuliani Stephens, City of Woodbury; Debbie Goettel, City of Richfield; Roger Hackbarth, City of Maple Plain; Kathi Hemken, City of New Hope; Jim Hovland, City of Edina; Marvin Johnson, City of Independence; Elizabeth Kautz, City of Burnsville; Scott Lund, City of Fridley; Mike Maguire, City of Eagan; Sandy Martin, City of Shoreview; Gene Maxwell, City of Hopkins; Lili McMillan, City of Orono; R.T. Rybak, City of Minneapolis; Terry Schneider, City of Minnetonka; Ken Willcox, City of Wayzata; Janet Williams, City of Savage; Gene Winstead, City of Bloomington

### **Guests**

Bake Baker, McGough Development; Mark Casey, St. Anthony Village; Matt Clark, US Bank; Anne Finn, LMC; Peter Frosch, Greater MSP; Lee Helgen, Envision MN; James Lenhoff, Metropolitan Council; Mike Logan, Comcast; Mike Mornson, City of Hopkins; Patricia Naumann, Envision Minnesota; Diane Norman, RSP; Sara Jay Poppe, One Roof Global; Elizabeth Ryan, Family Housing Fund; Adam Schiff, Sen. Klobuchar's office; Will Schroeer, Minneapolis and St. Paul Chambers of Commerce; Tim Thompson, Housing Preservation Project; Dave Van Hattum, Transit for Livable Communities

### **ULI Minnesota Staff**

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