



## ***City Council Memorandum***

**To:** Mayor Fasbender & City Council Members

**From:** John Hinzman, Community Development Director  
Rusty Fifield, Economic Development Coordinator

**Date:** March 12, 2020

**Subject:** Letter of Support for REE Senior Housing Project

### **City Council Action Requested**

Approve the attached letter to the Dakota County Community Development Agency supporting the funding request by Real Estate Equities for the Schoolhouse Square Senior Housing Project.

### **Background Information**

Real Estate Equities (REE) plans to build a 90-unit affordable senior housing project on property east of Schoolhouse Square. Earlier this year, the City Council granted the land use approvals and approved a tax increment financing district for this project. REE has applied to the CDA for an allocation of tax-exempt bonds, tax credits and HOPE loan. This funding is essential to undertaking the project.

As part of its review process, the CDA gives the City an opportunity to submit comments (see attached letter). We have prepared the attached letter of support. We believe that it is very important for the City to make a strong statement of support. The CDA has received more applications than it can fully fund. We want to do all that we can to encourage full funding of the REE project in Hastings.

### **Financial Impact**

None

### **HEDRA Discussion**

The letter will be considered at the March 12 meeting. Approval is expected.

### **Attachments**

1. Letter of support to CDA
2. Letter from CDA requesting comments



March 16, 2020

Dakota County Community Development Agency  
 c/o Katherine Kugel, Housing Finance Program Coordinator  
 1228 Town Centre Drive  
 Eagan, MN 55123

Dear Ms. Kugel:

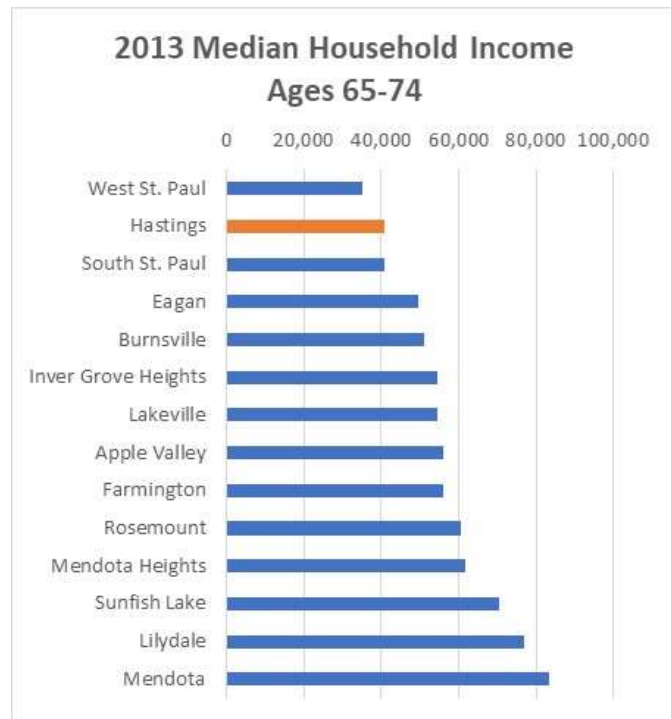
Thank you for the opportunity to submit comments on the request for bonding allocation, low income tax credits and a HOPE loan from Real Estate Equities, LLC (“REE”) to allow for the construction of a 90-unit affordable senior housing project (“Project”) in Hastings. The City of Hastings wants to express its strong support for this project. Both the Hastings Economic Development and Redevelopment Authority (HEDRA) and the City Council have approved this letter and urge the CDA Board of Commissioners to fully approve the REE funding request.

We realize that the requested funds are limited resources and requests exceed the available funds. As you evaluate the applications, we hope you will consider the following:

1. The City has already granted all of the land use approvals required for the Project.
2. The City has approved the establishment of a Housing TIF District in support of this affordable housing.
3. There is significant need for affordable senior housing in Hastings. The CDA’s 2013 Comprehensive Housing Needs Assessment showed only 103 affordable senior rental projects in Hastings. The forthcoming 2019 Needs Assessment will show that no additional units have been built since 2013, while our senior population continues to grow. The supply was inadequate in 2013 and has the situation has worsened as our population ages.



4. According to the 2013 Needs Assessment, the Hastings population age 65-74 had the second lowest median household income in Dakota County Developed and Growth Cities. We believe that the 2019 Needs Assessment will show a similar result. Recent income growth in Hastings has lagged behind the County as a whole.
5. The Project is an essential part of our overall housing strategy. Not only will it allow older residents to remain in Hastings, but this housing will make single-family units available for younger families. Hastings has averaged just 20 new single-family housing starts per year since 2006. Only 14 new homes were started last year. Increasing the availability of existing homes is critical to the long-term health of the City and the Hastings School District.



6. We hope that the equitable distribution of CDA support for housing plays a role in your decision-making. The most recent CDA senior housing project in Hastings was Rivertown Court in 2005. Since then, projects have been built in Apple Valley, Burnsville, Eagan, Farmington, Inver Grove Heights, Lakeville, Rosemount, and South St. Paul. Of the 27 workforce housing townhouse projects in which the CDA is a partner, only two are in Hastings with the most recent project completed in 2007.

The funding support of the CDA enables this much needed affordable senior housing project to be built in Hastings. The City of Hastings has done all that it can to facilitate the Project. We stand ready to help the developer successfully complete construction and sustain long-term operations. We hope that the CDA will join us in this impactful project.

Thank you again for the opportunity to provide these comments. Please contact John Hinzman (Community Development Director) or Rusty Fifield (Economic Development Coordinator) with any questions or need for information.

Sincerely,  
The City of Hastings

Mary Fasbender  
Mayor



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www.dakotacda.org

March 9, 2020

Mayor Mary Fasbender  
City of Hastings  
101 4<sup>th</sup> Street East  
Hastings, MN 55033

Dear Mayor Fasbender:

The Dakota County Community Development Agency (CDA) received applications requesting the CDA issue Multifamily Housing Revenue Bonds, award low income housing tax credits and award a HOPE Loan to newly construct the Hastings Senior Housing rental project located 101 10<sup>th</sup> Street East in Hastings.

The developer, Real Estate Equities, LLC, proposes a four-story building with 90 units and a level of underground parking. All of the 62 one-bedroom and 28 two-bedroom units will be rented to households who earn less than or equal to 50%-60% of the area median income. Site amenities include an on-site management office, fitness center, dog run and community room for all the residents to use at no extra charge.

If the project is awarded the requested CDA financing sources and all necessary financing is secured, as well as the required city approvals are complete, the developer would plan to begin construction Summer 2020. Hastings Senior Housing Project will be owned by the Hastings AH I, L.L.P., of which Real Estate Equities will be the sponsor/parent company and developer. Schoepfner Incorporated will be the general contractor and the property will be managed by Real Estate Equities Management LLC.

Upon receipt of a bond, tax credit, HOPE and other funding requests, the CDA's policy is to notify the Mayor and staff of the city in which the project is located for review and comment. Cities are given a minimum of 30 days to review and submit comments. The CDA will not consider approving a final bond sale resolution or other funding awards before this time has elapsed or comments are received, whichever comes first. If you have comments, please forward them to me by April 10, 2020.

If you have any questions or would like additional information about the project, please contact me at (651) 675-4478 or [kkugel@dakotacda.state.mn.us](mailto:kkugel@dakotacda.state.mn.us). Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "K. Kugel".

Katherine Kugel  
Housing Finance Program Coordinator

cc: Dan Wietecha, City Administrator  
John Hinzman, Community Development Director  
Tony Schertler, CDA Executive Director