



# Osseo City Council

## AGENDA

**WORK SESSION**  
**Wednesday, June 15, 2022**  
**6:00 p.m., Council Chambers**

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MAYOR DUANE POPPE    COUNCILMEMBERS: JULIANA HULTSTROM, HAROLD E. JOHNSON, LARRY STELMACH, ALICIA VICKERMAN

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1.    **Call to Order**
2.    **Roll Call** (quorum is 3)
3.    **Approval of Agenda** (requires unanimous additions)
4.    **Discussion Items**
  - A.    **Discuss Potential Housing Development**
5.    **Adjournment**





## City of Osseo City Council Work Session Meeting Item

**Agenda Item:** Discuss Potential Housing Development

**Meeting Date:** June 15, 2022

**Prepared by:** Riley Grams, City Administrator

**Attachments:** Hall Sweeney Presentation  
Memo from Rebecca Kurtz  
Memo from Joe Amerman

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### Background:

Back in June 2021, I was approached by Chris Rains about a potential development project located in the 600 block of Central Ave. Mr. Rains had been working towards purchasing the five properties located on the western half of that block with an eye towards a potential redevelopment project. The City has long been interested in this site for redevelopment as it would continue to work towards one of the City's goals of developing the downtown area.

I connected with Sean Sweeney from Hall Sweeney Properties in June 2021 to begin initial discussions about the possibility of a development project on that site. I researched a lot of the Hall Sweeney past or current projects and ultimately determined that the quality of the product and the overall design is something that the City should indeed be interested in at that site. I continued to speak with Mr. Sweeney over the winter months to further develop a concept plan, based on what I know the City would be looking for.

More recently, the Hall Sweeney team became active partners in thinking about and discussing a project here in Osseo. We've held many meetings with Staff (including myself and Financial Consultant Gary Groen), Rebecca Kurtz from Ehlers, and Osseo Mayor Duane Poppe. We discussed the overall financing plan for the project as well as some general design decisions to help guide the Developer in bringing a concept plan to life.

We are very pleased with the working relationship with the Hall Sweeney team, and I am very excited about this project. We decided to bring this plan to the City Council sort of as a 'meet the team' type meeting, but also to get some general feedback from the Council on some design concepts as well as the overall financing plan. Assuming the City Council is in agreement that the Developer and Staff should move forward based on what they will hear at the June 15 work session meeting, we will begin the work to bring this project to life.

For the June 15 meeting, I wanted to bring in the Developers and their Architectural team to meet the Council and get a feel for how they conduct business. The Developer will introduce themselves and their team and talk a little bit about their portfolio of projects, their general product style, and why they choose Osseo as their next potential project site. From there, the Developers team will jump into the overall general concept plan for this site, which will include discussions on the following: site plan, unit count and type, affordable units, finishes and amenities, who is the target lessee, and overall general construction schedule.



Rebecca Kurtz and Gary Groen will be at the meeting to discuss the overall tax increment financing (TIF) component of the project, including why there is a need for TIF, what the overall TIF structure would look like, upcoming financing benchmarks to move the project forward, and then a general recommendation to move forward with the project. And finally, Joe Amerman will wrap up the presentation with the city's approvals process and what those next steps would look like. From there, we would entertain any and all questions the City Council have at that point to help familiarize themselves with this project and become comfortable with moving forward.

As I previously mentioned, I am very excited about this potential project. I've been working on this project for well over a year now, and the Hall Sweeney team has been tremendous to work with. We've maintained excellent dialogue with the Developers and they have taken our recommendations, concerns and ideas to heart.

**Recommendation/Action Requested:**

There are no official actions items for this meeting. This is an information work session for the Council to consider a future housing development. Staff recommends the City Council discuss the item and direct Staff accordingly.



An aerial photograph of a city street, likely Central Avenue in Osseo, Minnesota. The street runs diagonally from the bottom left towards the top right. On the left side of the street, there are several large, multi-story commercial buildings with flat roofs and parking lots filled with cars. One building in the foreground has a yellow-painted curb. On the right side, there are more commercial buildings, including a gas station with a blue and white canopy, and a parking lot. The background shows a mix of residential and commercial buildings, trees with some autumn-colored leaves, and a water tower in the distance. The overall scene is a typical urban environment.

**600 CENTRAL AVE  
OSSEO, MN 55369**



**HALL  
SWEENEY**  
PROPERTIES



# MEETING AGENDA



- About Hall Sweeney Properties LLC
- Past + Current Projects
- Why We Love Osseo
- Site Plan, Floor Plans + Renderings
- Development Schedule
- Tax Increment Financing (TIF)
- Q&A Discussion



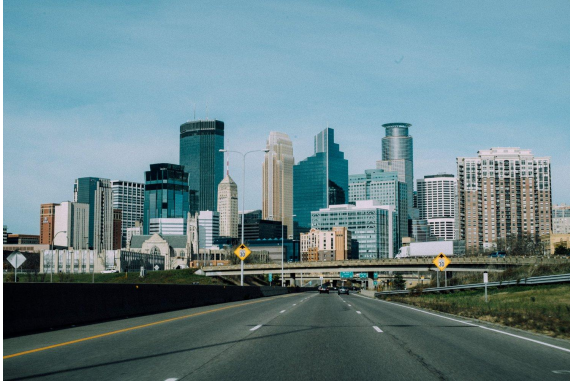
# HALL SWEENEY PROPERTIES, LLC



- Long-Term Investor
- Urban + Walkable
- Thoughtful Community Engagement
- Innovative Design



# HALL SWEENEY PROPERTIES, LLC



## JEFF HALL

Jeff has been a real estate developer for 25 years, mostly in Minnesota and Wisconsin. He has developed over one million square feet valued at over \$300 million.

Jeff graduated from Amherst College, and then served in the United States Peace Corps as a volunteer in Sierra Leone, West Africa for two years, and continues his work there through the non-profit One Village Partners.

Prior to his work in real estate, Jeff graduated from Harvard Business School and worked in marketing at General Mills.



## SEAN SWEENEY

Since 2017, Sean has been a general partner in the development of eight ground-up new construction multi-family projects in Minnesota with a total value over \$150 million.

Prior to forming Hall Sweeney, Sean worked in acquisitions at Timberland Partners, where he was responsible for opening new markets and acquisitions. He ultimately sourced and acquired over 2,500 multifamily units in new markets around the U.S. valued at over \$300 million. His previous experience includes 2 years at Artspace Projects in Minneapolis and 5 years with Thompson Dorfman Partners.

Sean graduated from the University of Wisconsin – Madison.

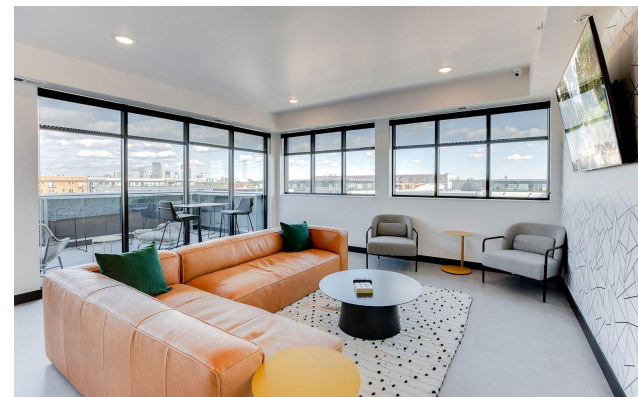


# PAST PROJECTS: KOLO





# PAST PROJECTS: 29BRYANT





# OTHER PROJECTS: MN46 + VERSO



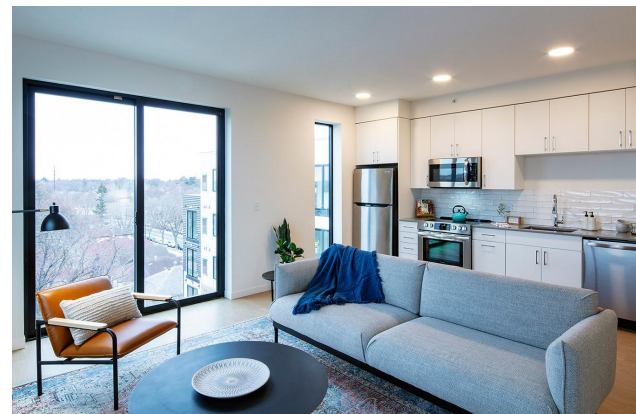


# OTHER PROJECTS: THE HUXLEY + GARFIELD





# CURRENT PROJECTS: WAKPADA





# CURRENT PROJECTS: 3536 NICOLLET





# WHY WE LOVE OSSEO



- Urban Living in the Suburbs
- Growing Downtown Corridor
- Enhanced Streetscape / Pedestrian Experience Along Central Ave
- Strong Partnership with City Staff



# NW VIEW: EXISTING DOWNTOWN



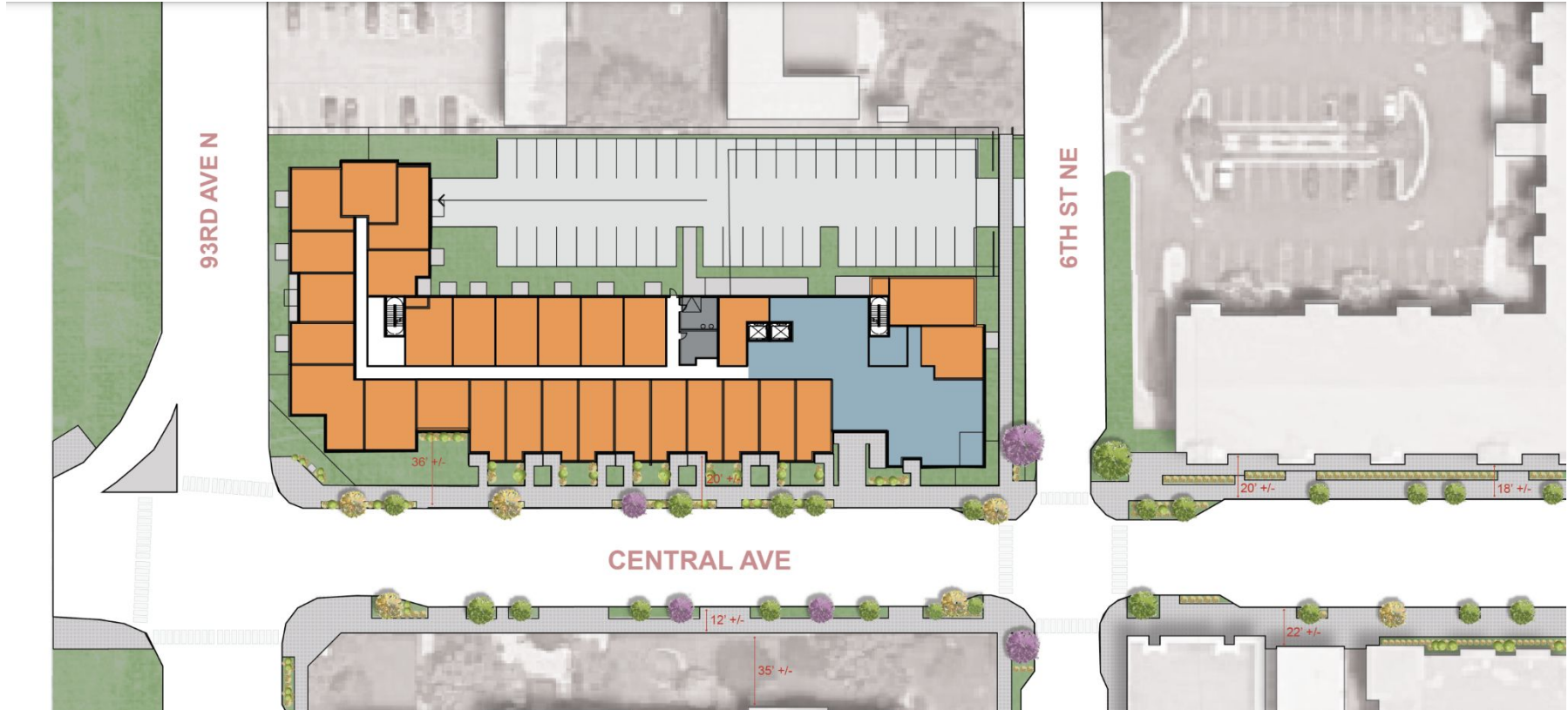


# NW VIEW: DEVELOPMENT PROPOSAL





# SITE PLAN | COLLAGE ARCHITECTS

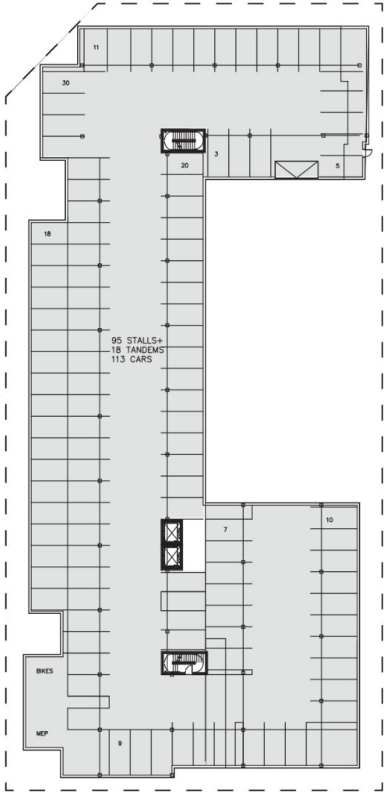




# FLOOR PLANS | COLLAGE ARCHITECTS



06.2022



LOWER LEVEL



FIRST FLOOR

1 : 40 - 0

## AMENITY

COMMON SPACE

## PARKING

LOWER LEVEL	95
SURFACE LOT	46
TANDEM	18
TOTAL STALLS	159

## UNITS

FIRST FLOOR	26
SECOND + THIRD	80
FOURTH FLOOR	35
TOTAL	141

## AREA

LOWER LEVEL	34,229
FIRST FLOOR	26,125
SECOND FLOOR	26,375
THIRD FLOOR	26,375
FOURTH FLOOR	26,454
TOTAL SF	139,558

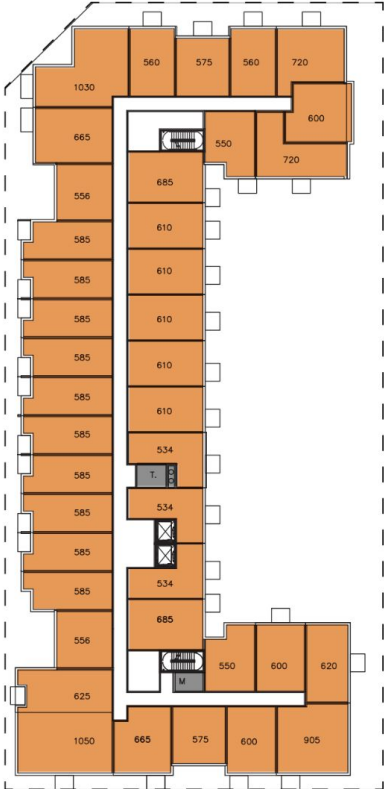




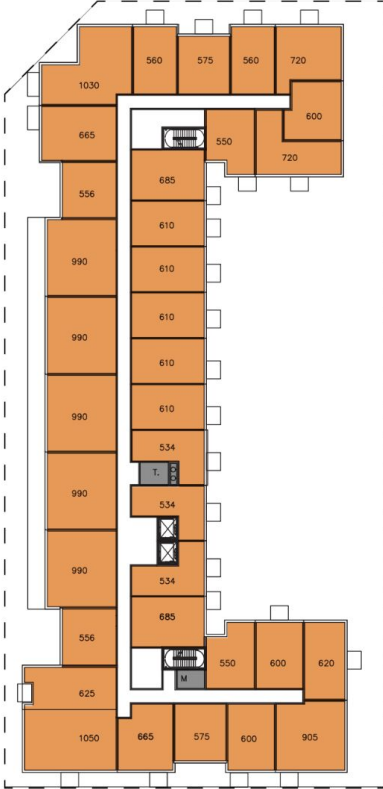
# FLOOR PLANS | COLLAGE ARCHITECTS



06.2022



SECOND & THIRD FLOOR



FOURTH FLOOR

1 : 40 - 0

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# RENDERINGS | COLLAGE ARCHITECTS





# RENDERINGS | COLLAGE ARCHITECTS





# RENDERINGS | COLLAGE ARCHITECTS





# RENDERINGS | COLLAGE ARCHITECTS





# DEVELOPMENT SCHEDULE



Council Introductory Meeting	June	2022
Design / TIF / Development Agreement	June - August	2022
Initiate City Approval Process	September	2022
Design Development / Construction Documents	October - December	2022
Construction Pricing	January	2023
Finalize Financing	February	2023
Close on Properties	March	2023
Begin Construction	April	2023
Project Completion	August	2024



# TAX INCREMENT FINANCING (TIF)



Land Cost	\$2.6 M
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Affordable Rents	\$1.2 M
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Market Rents Too Low	\$1.2 M
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Construction / Parking	\$3.0 M
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Total TIF Required	\$8.0 M
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**Q&A**



## MEMORANDUM

TO: City Council Members, City of Osseo  
FROM: Rebecca Kurtz, Ehlers  
DATE: June 8, 2022  
SUBJECT: Proposed Tax Abatement and Issuance of G.O. Bonds, Series 2022A

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### Background

For several years, the City of Osseo and the Osseo EDA have been working to redevelop five parcels in the 600 block of Central Avenue. In the fall of 2021, staff began discussions with a development group including Sean Sweeney and Jeff Hall (the “Development Group”) for the construction of approximately 145 units of rental housing. The proposed project would include a mix of market rate units and some affordable units.

The development group has requested tax increment financing (TIF) to assist with the financing gap caused by the high land acquisition and demolition expenses and the expense related to providing some affordable units (reduced rental income).

LHB has completed an inspection and determined that the site meets the requirements for a redevelopment TIF district. A redevelopment TIF district has a maximum term of 26-years of increment. Preliminary cashflows estimate that the total assistance that may be generated over a 26-year term is between \$11 million to \$14 million. This equates to a present value between \$6 million to \$7 million.

While we have had preliminary discussions regarding the financing gap, the amount for the assistance has not been finalized.

It is recommended that if the Council chooses to proceed, assistance would be provided through issuance of a pay-as-you-go note (the “Note”). This is consistent with the City and EDA’s past practice. With this note, the Development Group would secure their financing and complete the project. After the terms of the Agreement were met, the EDA would issue the Note and use semi-annual tax increment revenues to make payments. This financing option provides the least risk for the City and EDA, as the semi-annual payments will ultimately be based on the TIF settlement from the County. The City or EDA would not be responsible for any shortfalls.

### Next Steps

If the City chooses to move forward with supporting the project, some of the next steps include establishing a TIF district and entering into a Development Agreement with the Development Group.

Establishment of the TIF district will take approximately 60 days from when Ehlers is directed to move forward. The district will need to be established prior to the



Development Group closing on the land purchase or incurring expenses that will be reimbursed with TIF.

The process to establish the TIF district includes notices to the County and School District, which Ehlers will prepare and distribute. In addition, the City Council will need to hold a public hearing, and after the hearing may consider a resolution that establishes the TIF district. This step establishes the framework to provide the TIF assistance but does not create an obligation for either party.

As we work on the establishment of the TIF district, we will also work with staff and the Development Group to draft a Terms Sheet, which will create the framework for the Development Agreement. This document will be the contract and obligation between the EDA and Development Group and outline the maximum amount of assistance and term along with other expectations for both parties.

### Summary

Based on preliminary review of the Development Group's sources and uses and proforma, the project shows a financing gap. This is in large part due to the high cost of land acquisition; the need to demolish buildings and clean-up the site; and the reduced rental income from providing affordable housing units. It is anticipated that public assistance, likely tax increment, would be needed for the project to proceed.

If the City and EDA support the project, we recommend the Council direct staff and Ehlers to continue working with the Development Group to refine the project details and bring a tax increment proposal to the EDA and Council for consideration.

I will attend the work session on June 15 to further discuss and answer any questions.





## Osseo City Council Meeting Item

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**Agenda Item:** Zoning and Approval Process

**Meeting Date:** June 15, 2022

**Prepared by:** Joe Amerman, Community Management Coordinator

**Attachments:** None

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### **Background:**

#### **Zoning**

At the April 12, 2021, meeting of the Osseo City Council, the Council approved a 2<sup>nd</sup> reading of Ordinance No 2021-01, creating the Edge Mixed-Use Residential District (EMX). The intent of this district is to combine high density with commercial opportunities to promote a sense of community, facilitate pedestrian traffic, and service as a transition between the commercial and residential areas of the city.

At the two following meetings the Council heard, and approved, Ordinance 2021-2, which rezoned a number of parcels in the city to EMX, including the properties proposed for redevelopment here.

There were two primary motivations for these actions. First, the city wanted to create a zoning district which would be attractive to precisely the kind of development being considered here. The previous zoning at this location, Multi-Family Residential (R-2), did not allow for the kind of densities which have become common through the metro area, and which are necessary for a development at this site to be a worthwhile investment for a developer. Second, creating a zoning district which incorporated elements from multiple zoning districts (in this case CBD and R-2) allows developers and the city to bypass the extensive Planned Unit Development process. This saves all involved a considerable amount of time and money.

#### **Approval Process**

Although no longer subject to the requirements of the PUD process, any building would still fall under the requirements of a Site Plan Application and approval. This means that plans would need to go before the Planning Commission for a public hearing, before reaching the City Council for formal approval or denial. If approved, developers would have one year to begin development of the site.

Approval of the Site Plan does not constitute approval of the building permits. All final plans, including exterior and interior plans, would still need to be reviewed and approved by the city Building Inspectors at Metro West Inspection Services. The city would also require that all SAC/WAC fees be included in the permit payment, along with any other necessary city fees.

The city would also need permits for any demolition of the existing structures.