

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
June 15, 2022**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:00 p.m. on Wednesday, June 15, 2022.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Larry Stelmach, and Mayor Duane Poppe.

Members absent: Councilmember Alicia Vickerman.

Staff present: City Administrator Riley Grams, Community Management Coordinator Joe Amerman, and Financial Consultant Gary Groen.

Others present: Jeff Hall, Hall Sweeney Properties; Sean Sweeney, Hall Sweeney Properties; Pete Keely, Collage Architects; Rebecca Kurtz, Ehlers & Associates; Zachary Lawrence, JML Motors.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS POTENTIAL HOUSING DEVELOPMENT

Grams stated back in June 2021, Staff 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. He 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. He 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. Staff continued to speak with Mr. Sweeney over the winter months to further develop a concept plan, based on what the City would be looking for.

Grams explained 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, Grams and Financial Consultant Gary Groen, Rebecca Kurtz from Ehlers, and 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 excited about this project. We decided to bring this plan to the 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 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, this project will move forward.

Grams reported for the June 15 meeting, he 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.

Grams stated that Staff is very excited about this potential project and has 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. Staff recommends the Council discuss the item and direct staff accordingly.

Sean Sweeney, Hall Sweeney Properties, thanked Staff for the introduction and for their assistance on this project. He explained he appreciated the fact that the City was open for development. He introduced his team to the Council and noted he has worked with these individuals on numerous projects throughout the metro area. He then provided the Council with a presentation on the proposed project noting Hall Sweeney Properties were long term investors in their properties. He explained his developments were completed in urban, walkable areas, which made Osseo a great fit. He reviewed photos of projects that were completed near Lake Calhoun and Uptown. He explained his units were smaller in size but had great natural light and upscale amenities. He discussed the need for additional housing in downtown Osseo and commented on how his apartment complexes would be a great fit.

Pete Keely, Collage Architects, discussed how each project completed by Hall Sweeney Properties was unique to the area. He stated he wanted to create a unique place along Central Avenue that fits into Osseo and its walkability. He reviewed the proposed location for the new housing and explained he was proposing to break the building up into three parts while also creating great street frontage with greenspace. He commented further on the proposed walkup style units, along with the amenities that would be included in the building. It was noted the building would have 141 total units with 159 parking stalls. The size and mix of the units were further discussed.

Johnson suggested the elevators within the building not be side by side but rather that they be separated for the convenience of the residents. He anticipated the straight in parking would be more difficult for tenants to use than angled parking. Mr. Keely thanked Councilmember Johnson for these suggestions. He noted unfortunately, if angled parking were pursued, the number of parking stalls would be reduced. He commented further on the tandem parking that would be provided.

Jeff Hall, Hall Sweeney Properties, thanked the Council for the warm welcome. He commented on the construction schedule for this project and discussed the importance of having TIF approved for this project. He stated inflation and increased construction costs were impacting development projects. It was estimated the apartment building would take approximately 16 months to build. He understood the Council was interested in having affordable units within this complex. It was noted this would increase the costs of the project.

Johnson questioned what percentage of the units would be affordable. Mr. Hall reported 70% to 80% of the units were affordable at roughly 70% to 80% of the area median income (AMI). He noted 10% (14) of the units would be affordable at 60% AMI. He stated all of the units would be constructed in the same manner with the same finishes.

Rebecca Kurtz, Ehlers & Associates, discussed the tax increment financing components of this project noting this project did have a gap. She reported numbers have continued to change as costs have changed which meant she would not be going into the specific details. She explained the City has completed the process of qualifying this site as a redevelopment district. She indicated this area could qualify as a redevelopment TIF district if the Council wanted to move forward with offering assistance. She commented further on the preliminary numbers and noted the City could get close to filling the gap, depending on where construction pricing was at. She discussed the next steps noting the Council had to decide how to proceed. She anticipated a pay-as-you-go note would be the best option for this TIF redevelopment district project. She noted the term of this project would be longer than 5 Central because costs are higher at this time. Further discussion ensued regarding the Hennepin County proposed values for these units.

Grams commented on the DEED grant that may be able to assist with this project.

Hultstrom stated that she anticipated the value of these units was almost double what the 5 Central units were when they were constructed eight or nine years ago. Grams stated this was the case.

Amerman discussed the approval process that this project would have to go through noting this would be an Edge Mixed Use project. He discussed the purpose of the Edge Mixed Use District.

Stelmach reported he was comfortable with the proposed parking. He questioned how many bedrooms were proposed within the apartment units. Mr. Hall reviewed the mix of the units within the apartment building.

Stelmach discussed how quickly the 5 Central building filled up. He anticipated this new building would be the same. He stated he liked the step backs proposed within the building design. He thanked the applicant for all of their work on this project and for including affordable housing.

Hultstrom stated she supported this project and appreciated its great design. She noted she was an original tenant at 5 Central and has since purchased a home in Osseo. She believed this project would fit well in Osseo and encouraged all parties involved to work together to fill the gaps in the financing of this project.

Johnson asked if the building would have laundry rooms. Mr. Keely reported each apartment would have a full size stackable laundry unit.

Johnson questioned who would manage the building. Mr. Hall explained a management company would be hired for this building.

Johnson stated he liked the look of the building and asked if the developer had taken into consideration relocation costs for the businesses that were currently on this block. Mr. Sweeney stated he has had conversations with Chris Raines who owns four out of the five parcels and part of the agreement would require Mr. Raines to relocate these businesses.

Zachary Lawrence, 616 Central Avenue, asked when this project would begin. Grams anticipated the project would begin sometime late fall or early winter.

Stelmach stated he appreciated the Council holding a special worksession meeting to discuss this project.

5. ADJOURNMENT

The Work Session adjourned at 7:02 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial