Richfield Housing and Redevelopment Authority Agenda
July 20, 2026 -- 7:00 PM
Richfield Municipal Center
Council Chambers
6700 Portland Avenue South

1. **Call to Order**
2. **Roll Call**
3. **Open Forum**
   a. Participants can share their comments in person, by voicemail, or email, and may also request to participate virtually. For more information on submitting comments, refer to the Housing and Redevelopment Authority Agenda and Minutes page on the City's Website.
4. **Approval of the Agenda**
5. **Approval of Minutes**
   a. Approval of the Minutes of the Regular Housing and Redevelopment Authority Meeting of May 18, 2026.
6. **Presentations**
7. **Consent Calendar**

   Consent Calendar contains several separate items, which are acted upon by the Housing Redevelopment Authority in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for discussion and action. All items listed on the Consent Calendar are recommended for approval.
8. **Consideration of Items, if Any Removed From Consent Calendar**
9. **Public Hearings**
10. **Resolutions**
11. **Other Business**
    a. **Consideration of a policy for use of the 4d (1) tax classification as a tool to create and preserve affordable housing.**
12. **Executive Director's Report**
13. **HRA Discussion Items**
14. **Approval of Claims**
15. **Adjournment**

Auxiliary aids for individuals with accessibility needs are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.

Includes Materials - Materials relating to these agenda items can be found in the HRA agenda packet located by the entrance. The complete HRA agenda packet is available electronically on the City of Richfield's website.

Richfield Housing and Redevelopment Authority Minutes
May 18, 2026
Richfield Municipal Center
Council Chambers
6700 Portland Avenue South

1. **Call to Order**

The meeting was called to order by Chair Hanson at 7:00 p.m. in the Council Chambers.

Members Present:	Gordon Hanson, Chair; Sean Hayford Oleary; Mary Supple; John Young; Brett Stursa.
Members Absent:	
Staff Present:	Melissa Poehlman, Executive Director; Julie Urban, Assistant Community Development Director; Mark McKinley, Administrative Assistant.
Guest Presenters:	

2. **Roll Call**

3. **Open Forum**

a. **Participants can share their comments in person, by voicemail, or email, and may also request to participate virtually. For more information on submitting comments, refer to the Housing and Redevelopment Authority Agenda and Minutes page on the City's Website.**

No open forum participants.

4. **Approval of the Agenda**

MOTION: made by Commissioner Supple, seconded by Commissioner Young to approve the agenda.
Voting Aye: Hayford Oleary, Supple, Hanson, Young, Stursa
Motion carried: 5-0

5. **Approval of Minutes**

a. **Approval of the Minutes of the: 1) Joint Housing and Redevelopment Authority and City Council Work Session on April 20, 2026; and 2) The Regular Housing and Redevelopment Authority Meeting of April 20, 2026.**

Executive Director Poehlman referenced a clerical error related to the attendance of Commissioner Supple. Executive Director Poehlman confirmed the minutes approved reflect the correct attendance for the April 20, 2026, work session and meeting.

MOTION: made by Commissioner Young, seconded by Commissioner Supple to approve both sets of meeting minutes from April 20, 2026.
Voting Aye: Hayford Oleary, Supple, Hanson, Young, Stursa
Motion carried: 5-0

6. **Presentations**

None.

7. **Consent Calendar**

a. **Consider approval of a License Agreement with McNamara Contracting, Inc. for the use of the property owned by the Housing and Redevelopment Authority at 7700 Pillsbury Avenue South for a construction office, laboratory trailer, parking, and staging associated with the Nicollet Avenue reconstruction project.**

Executive Director Poehlman presented the consent calendar item.

MOTION: made by Commissioner Hayford Oleary, seconded by Commissioner Young to approve consent calendar item A.
Voting Aye: Hayford Oleary, Supple, Hanson, Young, Stursa
Motion carried: 5-0

8. **Consideration of Items, if Any, Removed from Consent Calendar**

9. **Public Hearings**

None.

10. **Resolutions**

None.

11. **Other Business**

a. **Consideration of a Memorandum of Understanding with Hennepin County regarding the partnership between the Bring It Home Minnesota and Schools to Housing Programs.**

Assistant Community Development Director Urban presented the staff report. Commissioners discussed the importance of these vouchers to the community and thanked staff for their work.

MOTION: made by Commissioner Supple, seconded by Commissioner Hayford Oleary to approve consideration of a Memorandum of Understanding with Hennepin County regarding the partnership between the Bring It Home Minnesota and Schools to Housing Programs.
Voting Aye: Hayford Oleary, Supple, Hanson, Young, Stursa
Motion carried: 5-0

12. **Executive Director's Report**

Executive Director Poehlman provided an update on the 4d policy evaluation and referenced an updated policy being presented to City Council first on June 9, 2026 and then to the HRA for ratification on June 15, 2026.

Executive Director Poehlman detailed the upcoming open house held and hosted by MSP Lupe, the property developer, regarding the American Legion site plans, set to occur Thursday, May 21, 2026 from 5:30–7 p.m. at Veteran's Park.

Commissioner Hayford Oleary inquired on the timeline and if staff has received land use applications from MSP Lupe at this point, Executive Director Poehlman confirmed not at this point.

Commissioner Supple requested staff include information related to the overlay district for Portland Avenue and 66th Street to be included in the upcoming staff report considering land use applications to this site to provide clarity on the parameters of the overlay district.

13. **HRA Discussion Items**

Commissioner Hayford Oleary shared information from the North American Cities and Transit Agencies (NACTO) walking tour discussion which focused on transportation and redevelopment progress and challenges.

Commissioner Supple thanked everyone who worked on the Richfield bonding request and rental assistance request.

14. **Approval of Claims**

U.S. BANK	**5/18/2026**
HRA Check #'s 37397-37408	$694,525.84
Section 8 Check #'s 137799-137876	$226,222.86
TOTAL:	**$920,748.70**

MOTION: made by Commissioner Stursa, seconded by Commissioner Young to approve claims.
Voting Aye: Hayford Oleary; Supple; Hanson; Young; Stursa
Motion carried: 5-0

15. **Adjournment**

HRA meeting adjourned with unanimous consent at 7:14 p.m.

Date Approved: July 20, 2026

Gordon Hanson
HRA Chair

Mark McKinley
Administrative Assistant

Melissa Poehlman
Executive Director

Report Prepared By:
Julie Urban, Assistant Community Development Director

Department Director:
Melissa Poehlman, Community Development Director

Item for Consideration:
Consideration of a policy for use of the 4d (1) tax classification as a tool to create and preserve affordable housing.

EXECUTIVE SUMMARY

The City of Richfield is committed to maintaining Richfield as an affordable place to live and supporting the creation and preservation of housing affordable to a range of income levels. One of the tools the City can use to create and preserve affordable housing for those with lower incomes is the 4d (1) tax classification (4d (1)). When the City or its Housing and Redevelopment Authority (HRA) or Economic Development Authority (EDA) provides financial assistance to an affordable multi-family property (Property) and places rent and income restrictions on the Property as a condition of the assistance, the Property may qualify for 4d (1). The 4d (1) classification provides a reduction in the tax classification for the Property from 1.25% to 0.25% resulting in substantial cost savings to the Property, which can help facilitate new construction as well as encourage the preservation and rehabilitation of existing affordable rental housing. The cost savings, however, reduces the City's tax capacity and shifts the costs to other City taxpayers, so both costs and benefits must be considered.

Two work sessions were held with the City Council and the HRA/EDA to discuss the use of 4d (1) and its impacts and provide guidance on a policy the City can use when it has the discretion to approve financing which would qualify a Property for 4d (1). The consensus was that 4d (1) should be a tool of last resort and used only in instances when other funding has been maximized and when the City's highest housing priorities will be met.

Policymakers placed the highest priority on maintaining Richfield as an affordable place to live, preserving and rehabilitating existing affordable rental housing, and diversifying the tax base. Based on these priorities, the policy establishes that the use of 4d (1) will be considered to preserve Naturally Occurring Affordable Housing (NOAH) that meets a variety of additional housing priorities (e.g., units that are physically accessible, units with two or more bedrooms). In the case of new construction, 4d(1) will only be considered when other financing tools have been exhausted, housing priorities are being met, and it makes financial sense for the City.

The City Council approved the policy on June 9. The HRA is being asked to ratify the policy and apply it when making financial decisions that create the conditions under which a property may qualify for the 4d (1) tax classification. Because 4d (1) has tax implications that affect the City as a whole, any financial decisions made by the HRA that enable 4d (1) will also be brought before the City Council for consideration. The proposed policy will guide these deliberations.

RECOMMENDED ACTION
By Motion: Adopt a resolution ratifying a policy governing the use of the 4d (1) tax classification to help create and preserve affordable housing.

HISTORICAL CONTEXT

- The 4d (1) tax classification provides a reduced tax classification rate for affordable housing properties. A specific financial request from Hempel Companies in January 2025 led the Council to request further study on the impacts of 4d (1) and to bring the topic to policymakers in a work session. Work sessions were held with the City Council and the HRA/EDA on February 17 and April 20.
- The City Council approved the 4d (1) policy on June 9, 2026.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- There are two desired outcomes in the Strategic Plan that are impacted by the use of 4d (1) including maintaining Richfield as an affordable place to live and creating a diversified tax base.
- Creating and preserving affordable housing can also support the desired outcome of reducing racial inequities and barriers for traditionally excluded groups.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

- Minnesota Statutes, section 273.128 establishes the 4d (1) tax classification, which provides a reduced property tax class rate of 0.25% for rental housing that provides housing affordable to households earning up to 60% of the area median income (AMI). The 4d (1) classification is automatically granted for properties receiving federal or state financial assistance that requires income and rent limits at 60% AMI for at least 20% of the units. Properties receiving local-level financial assistance may also qualify for 4d (1) if rent and income restrictions are required. Recipients of the tax classification are required to use the reduction for property improvements, rent stabilization, or increases to the property's reserve account.

CRITICAL TIMING ISSUES

- Staff have received several inquiries about 4d (1) in the past several months. Having an approved policy will enable staff to better respond to these requests.

FINANCIAL IMPACT
The 4d (1) tax classification provides an 80% reduction in taxes to qualified properties, which consequently reduces the City's tax capacity. The City has to increase its rate in order to make up for the reduced capacity, which shifts the tax burden to other

taxpayers. The current properties with 4d (1) reduce the City's tax capacity by $445,456 (Payable 2026). The existing and potential financial impacts of 4d (1) were described in more detail in the two Council work sessions.

LEGAL CONSIDERATIONS

- The 4d (1) tax classification is automatic for properties that receive State and/or Federal funding that requires affordability. Cities where the percentage of the city's net tax capacity subject to 4d (1) exceeds two percent of the total net tax capacity are required to receive written approval from a city council; however, Richfield does not meet that threshold (0.46% of Richfield's tax capacity qualifies for 4d (1)).
- Owners may also qualify for 4d (1) if a city provides financial assistance in exchange for a commitment to affordability (at least 20% of units at 60% AMI). In cases where a property owner requests financial assistance from the City and/or the HRA/EDA, policymakers have the discretion to deny the funding and/or decide not to tie financial assistance to a commitment of affordability.
- The policy was reviewed by the City Attorney and the HRA/EDA Attorney.

ALTERNATIVE RECOMMENDATION(S)

- Recommend changes to the policy and ask the City Council to consider a revised policy.

ATTACHMENTS

1. 072026 Resolution 4d Tax Class Policy
2. 4d Policy 6.9.26

RESOLUTION NO.

RESOLUTION APPROVING THE ADOPTION OF A 4d (1) TAX CLASSIFICATION POLICY

WHEREAS, Minnesota Statutes, section 273.128, establishes the 4d (1) tax classification ("4d (1)"), which provides a reduced property tax class rate of 0.25% for multi-family rental housing that provides housing affordable to households earning up to 60% of the Area Median Income; and

WHEREAS, affordable multi-family rental properties ("Properties") that receive financial assistance from the federal government, the state of Minnesota, or a local unit of government may qualify for 4d (1) if the housing units are subject to rent and income restrictions under the terms of the financial assistance provided; and

WHEREAS, 4d (1) offers a financial benefit to Properties, making it a tool the Housing and Redevelopment Authority in and for the City of Richfield ("HRA"), as a local unit of government, can use to encourage the preservation, rehabilitation and construction of affordable housing by providing financial assistance that requires income and rent restrictions; and

WHEREAS, 4d (1) can provide a benefit to the City by helping to advance several housing goals and priorities, it also comes at a cost to the City's tax capacity and can shift taxes onto other taxpayers; and

WHEREAS, in order to balance the costs and the benefits and ensure that the tool is used only in instances where the City's highest housing priorities are being met, the HRA has developed a policy to govern its use in cases where it is within its discretion; and

WHEREAS, the policy prioritizes preservation of Naturally Occurring Affordable Housing ("NOAH") that meets multiple City housing priorities and only considers 4d (1) for new construction when other financial resources are maximized and it makes financial sense for the HRA and the City; and

NOW, THEREFORE, BE IT RESOLVED

1. The 4d (1) Tax Classification Policy is hereby approved and adopted.

2. HRA staff is authorized to carry out the policy effective immediately.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of July, 2026.

____
Gordon Hanson, Chair

ATTEST:

____
John Young, Secretary

City of Richfield
Richfield Housing and Redevelopment Authority
Richfield Economic Development Authority
4d (1) Tax Classification Policy

The City of Richfield, Richfield Housing and Redevelopment Authority, and Richfield Economic Development Authority ("the City") are committed to maintaining Richfield as an affordable place to live and supporting the creation and preservation of housing affordable to a range of income levels. One of the tools the community can use to create and preserve affordable housing for those with lower incomes is the tax classification available under Minnesota Statutes, section 273.13, subd. 25 4d (1).

The 4d (1) tax classification provides a reduced property tax class rate for qualifying rental housing that meets income and affordability criteria as established in Minnesota Statutes, section 273.128. Because the property tax benefit realized by qualified properties comes at a cost to the City's tax capacity and that cost may be shifted to other taxpayers, when there is discretion available, City participation in establishing the statutory criteria for 4d (1) will be considered as a last resort financing tool in instances where other private, City, County, and State resources have been exhausted, and it furthers the City's highest housing priorities.

The percentage of Richfield's net tax capacity subject to 4d (1) does not currently exceed two percent of the City's total net tax capacity and, therefore, property owners seeking 4d (1) classification are not required to obtain written approval from the Richfield city council before making applications to the Minnesota Housing Finance Agency. Accordingly, the City's "approval" of 4d (1) will take the form of participation or cooperation in creating the statutory conditions for qualification of a project rather than the direct written approval required in cities exceeding the two percent net tax capacity threshold.

1. Naturally Occurring Affordable Rental Housing (NOAH)

The 4d (1) tax classification may be considered to preserve and improve NOAH housing under the following conditions:

A. The property contains at least 40 units;
B. The property is at risk of significantly increased rents and displacement of low-income households;
C. Significant rehabilitation is being undertaken (i.e., a minimum of $20,000/unit);
D. At least <u>two</u> of these high priority housing needs are/will be provided:
   - units with accessibility improvements;
   - units with two or more bedrooms; or
   - housing for residents receiving Section 8, Bring It Home, or Kids@Home rental assistance; and
E. At least <u>two</u> of these "next" priority housing needs are/will be provided:
   - rents affordable to households earning no more than 50% of the Area Median Income ("AMI");
   - housing for families with children in a Richfield school;
   - improved energy-efficiency *(must provide an independent energy audit and a plan for improved energy-efficiency based on items identified in the audit); or*

- housing with supportive services

Proposals that meet all three of the highest priorities but just one of the "next" priorities may also be considered.

2. New Construction of Affordable Housing

4d (1) will generally not be considered for new housing development unless it makes financial sense for the City and under the following conditions:

A. The project is 80 units or fewer, and fewer than 50 units is preferred;

B. The use of the land for housing is consistent with the Comprehensive Plan and meets Zoning Ordinance requirements;

C. The project complies with the City's Inclusionary Housing Policy ("IHP") and provides:

- more Accessible units than those required by the IHP;
- units with three and four bedrooms; and
- subsidized units affordable at 30% of the AMI or less;

D. Other City financing is not being used (e.g., tax increment financing, tax abatement, Affordable Housing Trust Fund), except that a land write-down for City-owned property may be considered along with 4d (1) if the proposed project is the highest and best use for the site, and the land write-down is necessary to secure additional financing;

E. The project has maximized funding from other public funding sources (e.g., Metropolitan Council, Hennepin County, Minnesota Housing); and

F. The site is challenging (e.g., small, difficult access), and the proposed project is the highest and best use for the site.

Additional Conditions and Requirements

1. All projects that receive the 4d (1) tax classification must meet the following requirements:
   - Agree to provide 90 days' advanced notice of any sale or transfer of the property;
   - Agree to not discriminate against households utilizing Housing Choice Vouchers (Section 8) or other forms of rental assistance;
   - In cases of NOAH rehabilitation, submit a rehabilitation plan and provide an annual reporting of the progress on the plan; and
   - Agree to a minimum assessed market value (i.e., cannot contest the apartment's assessed market value below the agreed upon minimum value);
2. All projects will be evaluated for the need for financial assistance, the impact to City and other levies, and the resulting shift in tax burden to other taxpayers;

3. The Council reserves the right to limit the number of units within a project that are qualified for the 4d (1) tax classification; and
4. The length of time approved for the 4d (1) classification will be based on a variety of factors including demonstrated need, total value of the reduced tax rate, cost per unit, the overall impact on the City's tax capacity, and the number and priority of housing needs met by the rate reduction.

City participation in any plan or program which enables an applicant to qualify for 4d (1) tax classification is discretionary. This policy expresses the priorities and purposes of the City's efforts to encourage the construction and maintenance of affordable housing. Like any policy, it cannot anticipate all circumstances or unique situations and is thus subject to adjustment and modification. The City Council or Board of Commissioners of the Housing and Redevelopment Authority or Economic Development Authority may vary the application of this policy as circumstances warrant with the adoption of findings of the reasons for doing so. The City Council must provide final approval of all 4d (1) applications and any exceptions to this policy.

Adopted as revised:

This __ day of ___________, 2026, by the Richfield City Council.

______________________ ______________________

Mayor City Manager

This ___ day of _________, 2026, by the Richfield Housing and Redevelopment Authority.

______________________ ______________________

Chair Secretary

This ___ day of _____________, 2026, by the Richfield Economic Development Authority.

______________________ ______________________

President Secretary

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