



Memorandum

To: City of Ramsey
From: Leslie Roering, Aeon
Date: May 4, 2020
Re: Aeon – Greenway Terrace Phase 2

Aeon is a mission-driven, nonprofit provider of quality apartment homes for low- and moderate-income individuals and families. Aeon was founded in 1986 to replace 350 apartment homes that were demolished to build the Minneapolis Convention Center. Our first development, Buri Manor, provided 38 homes for low-wage workers. Driven by our belief that everyone deserves a home, Aeon's portfolio has grown to 58 properties that nearly 12,000 residents call home each year.

Aeon's mission is to create and sustain quality affordable homes that strengthen lives and communities. Aeon prides itself on acting boldly to create and preserve affordable homes. We encourage residents to take 'pride of ownership' in their home and connect with their community.

The impact of COVID-19 has been immediate and severe for low-income households within our community. Many of these households have service or hourly jobs that are impacted by the closing of businesses. Moreover, many low-income households fall within the high-risk category for contracting the virus, further impacting their ability to work and pay rent. Aeon's mission to create and sustain quality affordable housing grows more and more important as households are experiencing financial hardship.

Project Background:

In 2016, Aeon and the City of Ramsey entered into a purchase agreement for the parcel of city owned land located at Center Street (formally Town Centre Drive) and 146th Avenue NW. Due to financing restrictions, Aeon proposed the development of two buildings in two phases. At the time, City Council directed staff to subdivide the property into two phases – a portion of the land dedicated to phase one and the remaining land dedicated to phase two. The original agreement included an option for 5 years to purchase the additional land for phase two when the project was ready.



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In June of 2016, Aeon applied to Minnesota Housing for financing through their annual consolidated Request for Proposals. Greenway Terrace Phase 1 received its full funding request that year and broke ground in November 2017.

While under construction, Aeon received over 300 applications for the 54 units in Greenway Terrace Phase 1. The evidence of need prompted us to submit an application for funding on Phase 2. The funding application required that we exercise the purchase option in the original agreement to demonstrate site control and a new purchase agreement was executed in 2018.

Since then, the Phase 2 has not been successful in receiving funding from the state. The purchase agreement has been extended for each funding application. In January 2020, the original purchase agreement expired without a transfer of ownership.

We are now ready to resubmit for funding which we believe will be successful because of modifications that we have made to our proposal to make it even more competitive, for example a change to our General Contractor to a woman or minority owned business results in additional points for our application.

Project Summary:

Greenway Terrace Phase 2 is a new transit-oriented construction project that will include a four-story elevator building with underground parking incorporating a variety of different housing options, from 1- to 4-bedroom units. Given the lack of four-bedroom apartments within Ramsey and the surrounding community, having 4-bedroom units will make this project unique and in high demand. The building will be situated on a 1.36-acre vacant site in the City of Ramsey's COR downtown area. Located within a half-mile of the North Star Commuter Rail - Ramsey Station, this project provides access to surrounding communities from Big Lake, down to Minneapolis, on to the Mall of America or over to Saint Paul.

The City of Ramsey's COR downtown is a transit-rich community that is experiencing large growth in residential and commercial development. Within a half-mile walking distance of the project site, residents will have access to healthcare facilities (Allina Health – Ramsey Clinic and the Northwest Metro VA Clinic), PACT Charter School – a top performing school for grades K-12, The Draw – a park/amphitheater that is home to summer concerts and the City's farmers market, a grocery store, restaurants and public



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offices. The City of Ramsey also has a land use plan that proposes a future park - The Waterfront - to the west of the project site, a community center and many more commercial/retail options, increasing the number of jobs in the area and the walkability of the site over time.

In addition, adjacent to The COR, many of Ramsey's large manufacturers have completed expansion projects amounting to nearly 100,000 SF of new industrial space within the last couple of years. These expansions have added numerous jobs to the market, many of which fall within low- to moderate-income ranges. This growth further emphasizes the need for affordable housing options within the community.

Greenway Terrace Phase 2 will be a 55-unit building with units available to households at or below 50% (\$51,700 for a family of 4) and 60% AMI (\$62,040 for a family of 4). Some of the units have been designated for high priority homeless families. These units will be affordable at 30% AMI and will be supported by an onsite case manager.

Greenway Terrace Phase 2 is important in that it will provide quality, affordable homes for large families in a growing and prosperous community. Phase 1 is already home to approximately 150 school aged children, and we expect Phase 2 to be home to another 150 children. Stable housing is a catalyst for educational achievement. The State of Minnesota is currently looking to expand the Homework starts with Home initiative, aiming to end student homelessness. Homelessness and housing instability impose huge challenges on students:

- Homeless and highly mobile students are more likely to be chronically absent, missing more than 10 percent of school days. Chronic absenteeism jeopardizes educational success. In fact, a student's attendance through sixth grade predicts future educational attainment and the likelihood of graduation.
- Only one in four homeless third graders demonstrate reading proficiency, a rate that is 37 percent lower than their low-income but housed peers. Low reading proficiency in third grade correlates with significantly lower academic success in the future. *

Greenway Terrace Phase 2 will help provide stability to approximately 150 children, so they have the opportunity to thrive in the classroom.



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Community and Economic Impact:

In addition to providing low- to moderate-income families affordable homes, Greenway Terrace Phase 2 provides economic impact to the City of Ramsey.

The COR:

For years, the City of Ramsey staff have engaged community members around the development of the COR. The northwest corner of the COR is planned for housing, as is demonstrated by the development of townhomes and multifamily buildings in this area. Phase 2 will cap the development of multifamily buildings in the northwest corner of the COR and will provide the backdrop for The Waterfront.

The Waterfront:

The Waterfront is planned for the land directly west of Phase 2. Aeon's proposed project has access to funds that could help prepare Center Street for the development of The Waterfront. These funds would be available through the Metropolitan Council and would be applied for in partnership with the City of Ramsey. Additionally, a commitment of funds for the preparation of Center Street for the Waterfront could be used as leverage for other funds to complete the project.

Applications to the Metropolitan Council's Livable Communities Demonstration Account are due in July each year, with awards announced in November.

Economic Impact and Activity in The COR During and After Construction:

Once the project is awarded funding, construction would take approximately 12 months to complete. The project anticipates over 100 construction jobs would be generated in the COR. Those individuals would be utilizing businesses, such as restaurants, grocery stores and gas stations, while they work in the area.

The increase in population in recent years in the COR has shown to spur additional development opportunities in commercial and industrial development throughout the city. Greenway Terrace Phase 1 is home to approximately 250 residents. Property taxes payable in 2020 are \$59,024.82 based on a tax-assessed value of \$6,533,400. Estimated annual property taxes for 2021 are \$76,113.93 based upon a tax-assessed value of \$8,810,400. We expect that Phase 2 would house a similar number of residents and to have a similar tax-assessed valuation. Phase 1 currently has two onsite employees with multiple service providers and additional Aeon staff visiting the property on a weekly basis. Phase 2 is expected to have a similar amount of staff.



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These residents, coupled with the on-site management employees in this Phase 2 development, will add to the area population that will drive additional commercial development in the area.

Together, Phases 1 and 2 would total over 16 Million in estimated tax-assessed value and generate approximately \$138,000 annually in property taxes.

Project Timing:

June 2020 – Site control documentation executed.

July 2020 – Funding application to Minnesota Housing Finance Agency submitted.

Funding application to the Metropolitan Council submitted

Fall 2020 – Design and entitlement work completed started.

November 2020 – Metropolitan Council funding awards announced.

December 2020 – Minnesota Housing Finance Agency funding awards announced.

January 2021 – Financing partners selected.

Summer 2021 – Construction closing and groundbreaking.

Summer 2022 – Construction completion and lease up.

Request:

Aeon is requesting that the City of Ramsey issue a letter of intent to enter into a purchase agreement with Aeon for the Greenway Terrace Phase 2 parcel. A letter of intent would demonstrate the required site control needed for the July 2020 funding application to Minnesota Housing Finance Agency.

Enclosures:

Preliminary Architectural Design