



Housing and Redevelopment Authority

February 2, 2023

7:00 PM

Fridley City Hall, 7071 University Avenue NE

Minutes

Call to Order

Chairperson Showalter called the Housing and Redevelopment Authority meeting to order at 7:00 p.m.

Present

Elizabeth Showalter

Gordon Backlund

Troy Brueggemeier

Rachel Schwankl

Paul Bolin, HRA Assistant Executive Director

Jessica Green, Development Consultant

Vickie Johnson, Development Consultant

Action Items

1. Approval of Expenditures

Motion by Commissioner Brueggemeier to approve the expenditures from January 2023. Seconded by Commissioner Backlund.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

2. Approval January 5, 2023, Meeting Minutes

Motion by Commissioner Brueggemeier to approve the meeting minutes of January 5, 2023 as presented. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

3. Approval of HRA Resolution No. 2023-03, Increasing Interest Rate on Non-Deferred Home Improvement Loans

Paul Bolin, HRA Assistant Executive Director, provided background information on how the interest rate has been set for non-deferred improvement loans. He noted that in 2018 the interest rate was set at two percent, but since that time interest rates have increased in the market noting that interest rates on MHFA loans now range between 5.75 and 6.85 percent. He stated that staff recommends that the interest rate be increased from two percent to four percent, effective March 1, 2023.

Motion by Commissioner Brueggemeier to approve HRA Resolution No. 2023-03, Increasing Interest Rate on Non-Deferred Home Improvement Loans. Seconded by Commissioner Backlund.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

4. Approval of HRA Resolution No. 2023-04, Approving Purchase of 1340 Mississippi Street N.E.

Mr. Bolin provided background on the properties the HRA has purchased in the proximity of Mississippi and Old Central. He stated that 1340 Mississippi is now available for purchase by the HRA. He stated that this property, combined with the other HRA owned properties would provide over three acres of contiguous property in that corner.

Commissioner Schwankl asked if this would be the time to remove the existing structures from the properties.

Mr. Bolin commented that staff is still attempting to negotiate with properties to the south. He stated that once they demolish buildings on the properties, the timeclock would start for the TIF district.

Commissioner Brueggemeier asked if there are any plans for development.

Mr. Bolin commented that during the last Comprehensive Planning process a definite plan was not decided upon but if the larger land area is acquired, patio homes could be developed. He estimated that if the southern parcels were acquired about 15 or 20 patio homes could be built. He stated that there will be a number of joint meetings between the HRA and City Council to decide on what should be developed on the property.

Commissioner Backlund believed that there were homes on the two vacant parcels to the south.

Mr. Bolin commented that those sites have not been developed. He stated that there was previously construction material on those sites as they had been used as dump sites in the past.

Motion by Commissioner Backlund to approve HRA Resolution No. 2023-04, Approving Purchase of 1340 Mississippi Street N.E. Seconded by Commissioner Brueggemeier.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

5. Approval of TIF Assistance – Roers Companies' Redevelopment of Moon Plaza

Mr. Bolin stated that at the last meeting, the HRA reviewed and provided comments on the redevelopment proposal from Roers Companies for Moon Plaza. He stated that the HRA also received some information on the TIF assistance request that would come back to the HRA. He stated that tonight the HRA will consider the formal request for TIF Assistance.

Jessica Green, Development Consultant, presented information on the proposed establishment of TIF District 26 and the TIF Plan. She also provided information on the project site and the proposed boundaries of the TIF District, noting that two parcels would be included in the boundary. She provided

background information on Tax Increment Financing (TIF), how that is used to support development, as well as specific information on the TIF that would be generated by this site. She reviewed the budget for the TIF District as proposed in the TIF Plan. She also reviewed the terms for assistance to the developer, which is the next action before the HRA. She stated that based on current market conditions, the project as proposed would not happen solely through private investment in the foreseeable future.

Chair Showalter stated that at the last meeting she had asked if a portion of the units could be available at a lower rate and asked if the developer has considered that request.

Mr. Bolin noted that eight units would be available for those at 30 percent AMI. He noted that has always been part of the plan.

Shane LaFave, Roers Companies, stated that in the last month they received an award of tax-exempt bonds from the state. He commented that typically they are not awarded until the second or third application, but this was their first application, which can be indicative of less projects happening because of higher interest rates and construction costs. He stated that this project can move forward in the timing they had hoped. He stated that the vast majority of the units would be available at 60 percent AMI, with the identified number of units at 30 percent AMI. He stated that they did review the opportunity to lower the AMI on more units, but they were not able to reach the numbers they would need to receive financing.

Commissioner Brueggemeier commented that it would seem if more units were offered at 50 percent AMI, the 30 percent AMI units would not be available.

Mr. LaFave confirmed that it is a mix and match as long as the same level of income is provided in the end.

Chair Showalter asked the increase in gap of what would make financial sense to add more lower AMI units.

Mr. LaFave stated that he did not have a per unit cost. He stated that if the desire were for ten percent of the units to be lowered to 50 percent AMI, he would estimate \$600,000 to \$1,000,000 would be needed to fill that funding gap.

Chair Showalter commented that information is helpful and thanked the applicant for the additional information.

Commissioner Backlund asked the confidence level of this planning being accurate.

Mr. LaFave commented that most of their costs have been pretty vetted as they know the acquisition cost and have had their plans bid to expect construction costs. He stated that they have built similar projects in this area recently as well with the same contractor. He stated that they have a high level of confidence that the numbers are accurate and achievable, noting that they would look to begin construction this spring. He noted that the funding award from the state also provides confidence that they will be able to secure the funding to move forward. He provided details on the process thus far, working with City staff to ensure the needs and concerns of the City are met to provide a product that best serves the community and neighborhood.

Commissioner Schwankl stated that the HRA is tasked with improving the community and believed that this project which will serve workforce housing and provide affordable housing is exciting.

Mr. LaFave commented that they have enjoyed working with Fridley on their projects thus far and look forward to additional collaboration. He estimated that construction would be completed in 2025.

Motion by Commissioner Brueggemeier to approve HRA Resolution No. 2023-05, Approving TIF Assistance for Roers Companies' Redevelopment of Moon Plaza. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

6. Approval of HRA Resolution No. 2023-06, Authorizing Execution and Delivery of a Contract for Private Redevelopment

Commissioner Schwankl asked how the interest rate was determined.

Ms. Green replied that five percent is the current going rate and noted that if the developer's long-term financing comes in lower, that rate would be adjusted.

Motion by Commissioner Brueggemeier to approve HRA Resolution No. 2023-06, Authorizing Execution and Delivery of a Contract for Private Redevelopment. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chair Showalter declared the motion carried unanimously.

Informational Items

7. Update on Housing Programs

Mr. Bolin provided an overview of the loan activity between mid-December and mid-January. He noted that CEE did inform him that the senior deferred funds for the year have been committed for the year.

Adjournment

Motion by Commissioner Brueggemeier to adjourn the meeting. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chairperson Showalter declared the motion carried and the meeting adjourned at 7:41 p.m.

Respectfully submitted,

Melissa Moore
City Clerk