

City of East Bethel
Housing and Redevelopment Authority
Regular Meeting – 6:30 PM
Date: July 3, 2013



		Item
6:30 PM	1.0	Call to Order
6:31 PM	2.0	Adopt Agenda
6:32 PM	3.0	Approve Minutes
	Page 4-5	April 3, 2013 Regular Meeting
	Page 6-15	April 24, 2013 Work Meeting
	Page 16-18	May 1, 2013 Special Meeting
6:35 PM	4.0	HRA Projects and Fund Uses
	Page 19-22	
7:15 PM	5.0	Adjourn



City of East Bethel Housing & Redevelopment Authority Agenda Information

Date:

July 3, 2013

Agenda Item Number:

Item 3.0

Agenda Item:

Housing Redevelopment Authority Meeting Minutes, April 3, 2013 Regular Meeting, April 24, 2013, Work Meeting and May 1, 2013, Special Meeting

Requested Action:

Review and approve meeting minutes from April 3, 2013 Regular Meeting, April 24, 2013, Work Meeting and May 1, 2013, Special Meeting

Background Information:

Meeting minutes from the April 3, 2013, Regular Meeting, April 24, 2013, Work Meeting and May 1, 2013, Special Meeting Housing and Redevelopment Authority meetings are attached for your review and approval.

Attachment:

1. HRA Minutes, April 3, 2013
2. HRA Minutes, April 24, 2013
3. HRA Minutes, May 1, 2013

Fiscal Impact:

None

Recommendation(s):

Review and approve meeting minutes from April 3, 2013 Regular Meeting, April 24, 2013 Work Meeting and May 1, 2013 Special Meeting.

Housing and Redevelopment Authority Action

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

No Action Required:_____

City of East Bethel
Housing and Redevelopment Authority

April 3, 2013

The Housing and Redevelopment Authority (HRA) met on April 3, 2013 for their regular meeting at City Hall at 9:58 PM.

MEMBERS PRESENT: Bob DeRoche Ron Koller Richard Lawrence
 Heidi Moegerle Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator
 Andy Pratt, Acting City Attorney

Call to Order DeRoche called the meeting to order at 9:58 PM.

Adopt Agenda **DeRoche made a motion to adopt the April 3, 2013 Housing and Redevelopment Authority (HRA) meeting agenda. Lawrence seconded; all in favor, motion carries.**

Approve Minutes **Ronning made a motion to approve the January 23, 2013 HRA minutes as amended. Koller seconded; all in favor, motion carries.**

2014 Budget Review Davis explained that Per MN State Statute 469.033, subdivision 6, the East Bethel HRA must each year formulate and file a budget in accordance with the budget procedure of the City in the same manner as required of the executive departments of the City.

The City did not levy an HRA tax for pay 2012 or 2013. The unaudited cash balance of the HRA Fund as of March 31, 2013 is \$799,516.63. Attachments 1 & 2 are the 2014 narrative and 2014 proposed budget.

The HRA currently contracts with the City for administrative support staff services to support the administrative undertakings, including fiscal support services of the HRA and such other responsibilities such as recording and maintaining accurate records of the meetings of the HRA and of all official actions taken by or on behalf of the HRA. The proposed 2014 Budget includes a transfer of \$15,000 to City General Fund to support the Executive Director, Community Development Director, Fiscal and Services Support Director, and Administrative Support staff. This number is based on one day a month for both the Community Development Director and Administrative support staff. It also includes one day a quarter for the City Administrator/Executive Director and the Fiscal and Services Support Director.

Staff requests HRA consider the approval of the proposed 2014 HRA Budget and submit this budget to Council for consideration as part of the 2014 budget development process.

Moegerle made a motion to table the proposed 2014 HRA Budget until Council can have a workshop meeting to determine whether we are going to have loan programs for septic repair at Coon Lake Beach or any other projects that would require litigation costs or additional staff costs that would need to be allocated from this budget. Moegerle, "For the support of that, we just approved minutes that indicated that we were going to be having workshops to discuss things and take care of business. So, we need to find out what we are going to do. Whether we are going to help those folks out at

Coon Lake Beach with their septic systems this year or next year or both. I appreciate getting this early, but I think that we don't have enough information to vote on it and we might have to go back and change it."

Lawrence, "Do we have a second to that motion?" DeRoche, "We don't yet." Moegerle, "No we don't. But, we have talked about this and it goes through the HRA, not the EDA. The HRA which is Housing and Redevelopment so if we are going to talk about having a plan to recover their septic systems so that we can preserve the lake, when are we going to do that? We have talked about that for 2 ½ years." DeRoche, "We have also had only one budget meeting and we also need to look at that and we need to know where we are going with it. If we don't at least approve something, we can always add it. But, this thing could drag on for a little while. Are you asking me, "Do you want to put this on hold until we know what we are going give the EDA to do their projects?" Moegerle, "I said two weeks, it was in my motion."

Davis, "This isn't a final HRA budget. It is just a preliminary budget so we can begin to work on the City budget with. So, if you did choose to approve this tonight, it can be amended at any time during this process." Moegerle, "My bigger point is we haven't had the workshops and we need to start working on those things. Two points in it, I understand it hasn't been seconded." **Motion fails for lack of second.**

DeRoche made a motion to approve the preliminary 2014 HRA budget as presented as a starting point. Ronning seconded. Moegerle, nay; DeRoche, Koller, Lawrence and Ronning, aye; motion carries.

Moegerle made a motion to schedule a workshop for Wednesday, April 24, 2013 to start discussing what the HRA is going to do with their funds. Lawrence seconded. DeRoche, "I can't commit because I don't know my schedule." Ronning, "The same goes for me." Moegerle asked Davis, "Will that give you enough time to work up some information on what we can do with regards to the septic systems and there was another loan program. I didn't know if that was going to go through the EDA. Another one to help out." Davis, "Yes, I think we can discuss some general concepts regarding these projects and see if there is interest in moving forward. And if there is, then we can work out the details on them." Koller, "It works for me." **DeRoche and Ronning, nay; Koller, Lawrence, and Moegerle, aye; motion carries.**

Adjourn

Lawrence made a motion to adjourn the HRA meeting at 10:07 PM. Ronning seconded; all in favor, motion carries.

Attest:

Wendy Warren
Deputy City Clerk

City of East Bethel
Housing and Redevelopment Authority Work Meeting
April 24, 2013

The Housing and Redevelopment Authority (HRA) met on April 24, 2013 for a work meeting at City Hall at 6:32 PM.

MEMBERS PRESENT: Bob DeRoche Ron Koller Richard Lawrence
 Heidi Moegerle Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator

Call to Order DeRoche called the work meeting to order at 6:32 PM.

Adopt Agenda **Moegerle made a motion to adopt the April 24, 2013 Housing and Redevelopment Authority (HRA) work meeting agenda. Koller seconded; all in favor, motion carries.**

Discuss Potential HRA Davis explained that the City is authorized by Minnesota Statutes, Chapter 469.001 to 469.047(the ACT) to establish a Housing and Redevelopment Authority (HRA) to address;

- Projects and Uses of HRA Funds
- a) the shortage of decent, safe and sanitary dwelling accommodations available to persons of low and moderate income and their families at prices and amounts they can afford within the City of East Bethel;
 - b) substandard, slum or blighted areas existing within the City of East Bethel which cannot be redeveloped without government assistance.

In addition to the more customary HRA activities that address strictly housing, there are a variety of uses we may wish to explore for their potential as projects to leverage our HRA funds to produce primary economic development results. Even though most of these recommendations would not be traditional HRA type projects, there may be the possibility of justifying their relationship and impact on housing to fulfill the intent of the purpose of the program. The following projects could be candidates for HRA funding:

Hwy. 65 East Side Redevelopment Project

Purpose: Extend water and sewer service and street improvements, offer storefront renovation loans and provide streetscaping to the east side of Hwy. 65 from 183rd to 187th Lane. The use of funds for this type of project would clean up a blighted area and stimulate and improve the potential for residential development in the areas immediately surrounding the affected properties. This project would also provide utility service to this area and possibly be a catalyst for a Senior Housing Project that could potentially be located in this area.

Estimated Cost: \$2-3 million dollars depending on the scope of the project. This would require other funding in addition to HRA funding. And, this project would have to be bundled with City Street Capital Improvement Plans, MnDOT Cooperative Agreement Grants, MSA Street Funds, Municipal Utility Bond fund balances to supplement HRA monies to generate the total funds required to make this feasible.

Comments: Justification for this type of project may prove to be challenging but this type of project would provide the highest return on investment of any of the alternatives that staff

has reviewed in terms of combining economic development needs with housing goals. The project could be designed to recover those costs that are assessable and require any type of loan repayment.

DeRoche, "I am open to ideas." Davis, "This is one that if there is interest in, we would have to get a legal determination and program determination on if it would be eligible. We don't want to do something where the funds are used inappropriately or not within the guidelines of the program. We would be audited on this; our own auditors would look at it. Anything we do we want to make sure we are in compliance with the regulations of the program. I do think this one has some potential for being eligible, because we would be addressing a blighted area, we would be approving the prospects for residential development on the periphery of this project. And there could be potential for a senior housing project maybe within the boundaries on the east side of 65." DeRoche, "Quite a bit of our funds that were in the HRA are being transferred to the EDA. So, that is going to limit us somewhat. We do have two stubs going over there. Have we heard from any property owners on that side? Walt Osborne, Tim Chies, Deanna?" Davis, "The property owners are waiting to hear from a developer. Two of those individuals don't have any desire to be a developer, however, they are willing to negotiate, or discuss the sale of their property to a developer and cooperate or compliment their efforts."

DeRoche, "What if anything is left from the sewer and water fund?" Davis, "I mention that here, the municipal utility bond funds. To do the full complement, even if we had all the HRA money, it wouldn't be enough to do this. So, we would have to bundle certain things to come up with the funds. We won't know what that balance is going to be until September/October." Lawrence, "What do we have for a balance in HRA?" Davis, "Currently there is \$799,000. And, at the Council meeting on Wednesday we will be asking for approval to transfer \$281,000 to the EDA for the loans for the SAC and WAC connection fees for the businesses on the west side. With that \$281,000 transferred and the two other budget items taken out, there would be about \$480,000 available for use of projects at this time." DeRoche, "What other budget items are we talking about?" Davis, "The 2013 HRA budget that was approved."

Moegerle, "If we target this area for redevelopment, I think there has to be a discussion with the property owners there. I also think we need to talk in terms of what kind of redevelopment are we talking? Are we talking about those buildings being taken totally down to the ground for complete redevelopment, new businesses? When we talk about redevelopment are we just talking about new facades? That being on the east side for northbound traffic, developers have said to me that would be an ideal place for a strip mall. For northbound people going home that would be a great place for people to go shopping on the way home. So I think we need to be very careful when we talk about redevelopment on the east side. Are they going to have to hook-up? This requires much more detail information than we have and it is something I could be interested in, if I knew how much money was still available from the bond funds and I had more detail."

Davis, "The intent of this would be storefront renovations. If we got into property acquisitions, the cost of this would be much higher. These are just thrown out here as general discussion items to see if we want to see if you would like to go any further. Koller, "I have driven up and down that area several times. And what I see is garbage in front of the gas station there and the bad conditions of the road." DeRoche, "The road is not ours." Davis, "It is a city street, but it is on an easement. We don't have right-of-way there. The

building official had some discussions with the bank about that building and they were told there was some clean up that had to be done on that lot. We were told at that time that they would address those issues in the springtime and we told them that would be acceptable.” Koller, “They have a lot of junk inside the building too.” Davis, “We will follow up with them next week.”

DeRoche, “As far as the MSA goes, we are kind of tied up with that through 2018. With the Coon Lake Beach projects and the frontage road on the west side, that is \$702,000 so that kind of chews up our money for a while.” Davis, “It does, but this is a project that would probably take a year or two to develop. So, by the time it is ready to go, there might be MSA Funds that might be ready to be staged for this.” DeRoche, “Ady Voltedge is referenced quite a bit in these meetings and one of their comments was they thought that was a blighted area. An eyesore when you come into the area. The fact of the matter is, that is downtown East Bethel.”

Ronning, “When I hear us talking about development, what kind of development we are going to put in there. It really seems that the property owners would have they say more than we do, don’t they?” Davis, “That is correct. And that is why it would take a while to do this. There would have to be numerous meetings with them even if you do basic storefront renovations. There would have to be some agreement made that it has to be all or none. It won’t do any good to do half of them and leave the other half unattended. That would be the first place it would start with and there would have to be some selling done to get them to buy into this proposal.” Koller, “I also heard that the liquor store is going under. Half the people in East Bethel don’t know it is even there. I believe there is an archery store there too.”

Moegerle, “I think if we contacted the property owners and asked if they are holding the property to continue to work the business there or if they are looking to sell out to developers when the time is right would be valuable information to know before we took any further steps on what we want to do with this.” DeRoche, “I don’t see us doing much other than discussing these options. And the storefront is actually two more down.” Lawrence, “The storefront idea, is this a loan? We are not going to fund their storefront are we?” Davis, “The proposal as we have it now would be a loan program.” Ronning, “Where is the proposal?” Davis, “Right here on this paper. It is just a concept.” Ronning, “Do we have a list of who owns and who leases these properties? It would be interesting to see what that picture looks like.” Davis, “It is a mixture around 60% owned and 40% leased. There are 19 buildings.” Ronning, “Sounds like a group that would be happy to agree on all doing the same thing.” Davis, “It would be a challenging project to organize, but it may be something that would be worth the time that would be put into it.”

DeRoche, “Instead of beating a dead horse, I think tonight we go through these and tonight we throw ideas out. Go home, mull them around. Have another meeting and see what the thoughts are. We can just keep going around and around with this one. But, we are not going to make a decision tonight.” Davis, “I just wanted to propose some things and you probably have some additional ideas and that way we can go back and get some additional information for you.”

Our Savior’s Utility Extension

Purpose: Extend water and sewer service to Our Savior’s Lutheran Church (OSLC) to service an area that would be developed for Senior Housing. This project would require an agreement with OSLC that would commit them to the project. Details of such an agreement

would be determined by HRA program guidelines. The use of HRA funds for this project could free up any bond fund balances from the Municipal Utilities Project for other uses.

Estimated Cost: \$300,000 to \$400,000.

Comments: This project would be dependent on the guarantees that would be required from OSLC in regards to developing Senior Housing both in terms of commitment to the implementation of a project and the approval of an acceptable time line for completion. This may still be a project for use of any excess bond funds but the bond funds would have to be committed by no later than the end of this year. Terms of reimbursement are yet to be determined.

Davis, "We did discuss this about a year ago. In order to make this work, I think we would have to get some commitments from the church that this was going to be a reality. Otherwise it would be speculative on extending the services over there. It could also be the first phase of looping the services to 189th over to Buchanan which would improve the operation of the system in that area." Moegerle, "When will we have a somewhat firm number for the balance of the bond funds?" Davis, "We will open bids for the Castle Towers project on May 9th. We will have a preliminary indication then of what that balance will be subject to any change orders that occur in the project. Hopefully in the next two to three weeks we will have an indication potentially of what we will have to work with." Moegerle, "Assuming we commit to that, then we have a balance of the bond funds, plus or minus 10% because of change orders. Then how do we make a commitment with the balance of that bond fund that satisfies the bond requirements and allows us to make a commitment for any one of these?" Davis, "We would probably have to wait more towards the end of the year where we know what we have. If we go past the December 15th deadline of the expenditure of the bond funds, we don't lose the funds, but we would lose some of the interest that we are earning on some of these. Last time we checked we are making 4/10's of a percent on the interest." Lawrence, "I did talk to the pastor at the church and he is interested in doing a senior center and hooking up. But, it is up to the parishioners to push that idea, not him." Davis, "I did talk to the board about a year ago and there is interest on their part. But, here again, they are not in the development business. They are waiting for a developer. I am hoping when we get something on the corner of 65 and 22 it will stimulate a great deal more interest in this type of housing. There are probably several ways to do this; we aren't limited to HRA funds. This is one that would be good to re-initiate those talks with the church and see what they have on their part with ideas and timelines."

DeRoche, "We still have to keep in mind that we had talked about upgrading the septic systems of the residents that live here. Not just on Coon Lake Beach. I know that idea was tossed around and there are probably a few people that need a little help." Davis, "That one is on down the list. With this one with your consent, we will try to open up a line of communication with the church and see where they are so we know a little more how we want to proceed with this." DeRoche, "That sounds good." Lawrence, "Yes."

Storefront Renovation Program

Purpose: to provide loan funds to improve the storefronts and signage of up to 19 businesses along the service road on the east side of Hwy. 65 from 183rd Lane to 187th Avenue. This type of program would improve the overall appearance of a commercially blighted area, offer opportunities for some potential high density residential development and enhance the attractiveness of adjoining property for residential use.

Estimated Cost: \$400,000 to \$500,000

Comments: Justification for this type of activity might prove to be problematic unless we can tie the blight elimination to any housing within this area. This would be a loan fund project and would be repaid to the HRA.

Davis, "We would have to contact the property owners to see if they are interested in this." Ronning, "What is the basis for the estimated cost?" Davis, "I just used \$25,000 for each business." Moegerle, "So it is a very loose estimate." Ronning, "Yes, very. The parking lots are all junk over there too. So if they have to do their building and parking lot." Davis, "\$25,000 might not be enough to address certain things." Moegerle, "I would say we should do a matching fund. Even though it is a loan. But, I don't think we should go all in because some of these may ultimately be sold. While we would be secured on those funds and have a claw back, we would get our money back but it would be a waste and deprivation to someone else." Davis, "I agree, that is a good consideration to include. Here again, this is something we would need to meet with the business owners to see what the interest is and it is something that we would almost have to have a total buy-in to get the most out of it." DeRoche, "And that could happen, and what is the city going to do about it." Ronning, "That is why you say it is all or none."

Moegerle, "I think that is real important to get a vote, whether they plan on staying or selling to redevelopers, anonymous is fine." Davis, "We can plan a meeting with business owners in the next 30 days and see what they are looking for. And if they plan on staying." Ronning, "And it will affect their taxes." Davis, "If you approve the building/storefront the lease amount might go up."

Moegerle, "There are certain cities, like Oak Park Heights, they have big berms and that is one solution to storefronts. Is that something that can be used or those concrete sound barriers?" Davis, "I don't think so. I think you want as much exposure as you can. The other thing is we have very limited space to work with in that easement before the private property kicks in. We had two meetings with those business owners. We discussed sewer and water. It was received with some cautious interest by some of the owners. Some owners were very adamant that they did not want it. One of the things they perceived as a real value of the sewer and water project is the road would be reconstructed. Maybe if some of these other things are bundled into it, they might see some value in this and interested in proceeding with this."

Waterline Extension to Village Green

Purpose: Extend Water Service to Village Green to serve approximately 140 low to moderate income residents. This project would provide access to the City water system and enable a more reliable and efficient means of fire protection and water delivery. This project would have to be legally vetted and could result in litigation.

Depending on the final cost of the Castle Towers/Whispering Aspens Force Main Extension this project could still be completed with bond fund balances but would still have to be legally defensible in terms of requiring Village Green to connect to the system.

Estimated Cost: \$300,000

Comments: This project could meet program guidelines but legal issues could be an

obstacle for considering this use for the funds. This project may be able to be assessed to recover the costs of extension but that might complicate the legal issues in this matter. We cannot legally require them to connect because we did not extend the service down there in the beginning. But, if we extended services down there we could legally make them connect. We would have to do some real research on this.

Ronning, "I looked at the cost. When they say low to moderate income, what does that look like? Are these people in the \$30,000 income range, \$50,000 or what range?" Davis, "We haven't done any income comparisons. Some are probably in the \$30,000 to \$70,000 income range. If we provided those figures on the water rate they would be charged to the others they would jump on this. I talked to Charlie Mossefin about the sewer rate they would be charged and he had no issues with that. The sewer rate works out to about \$35 per month for 1 ERU. Since they are grandfathered in, Met Council is giving them no SAC determination. Their water rate their flow times a small base charge."

Lawrence, "What is the advantage for the City of East Bethel to have them hook-up?" Davis, "We get a customer to pay us about \$1,500 a month and an end of the line user. That will reduce some of the maintenance on the system because it will keep the water circulated down there." Moegerle, "You mentioned that Village Green is grandfathered in. Why is that? Because they didn't get a 429?" Davis, "They are grandfathered in because they own and operate an existing wastewater treatment plant facility. At some point in time, they will be faced with some expensive upgrades to that system. Met Council said they would grandfather if we did it before December 2012 because they want their flow." DeRoche, "That ordinance we just passed that says if the sewer runs past your house it is a mandatory hook-up." Moegerle, "It doesn't include houses." Davis, "That doesn't apply to Village Green because we don't run lines down there. The businesses stop at 185th Avenue. It wasn't identified in the assessment area." DeRoche, "If we run a line down there and it says you have to hook-up?" Davis, "That is what I am saying. I think we could run the service to them and require them to hook-up."

Citywide Septic System Improvement Loan Program

Purpose: Provide low interest loans for septic system improvements for failing systems in the City. This type of program could possibly be combined with County CBDG assistance to provide additional funds for these activities. This use would provide the least leverage of HRA funds to enhance economic development activities. Another possible use of these funds would be to seek a long term solution to those more densely populated areas on Coon Lake, including combining projects with other Cities and exploring localized infrastructure solutions to address problems in these areas.

Estimated Cost: \$500,000 and up depending on the number of applicants or the choice of solutions to the problems associated with Coon Lake.

Comments: This type of project could meet eligibility requirements but would offer little in the way of economic development. It may also be only a temporary solution to a much larger problem of service provision that may be required at some point in the future. There are also low interest loan funds available from Anoka County to address these problems for those residents that meet income guidelines. While being limited as to direct economic development benefits, this use of funds could have a potentially significant environmental impact in terms of both surface and subsurface water quality. This type of project would also be required to repay loan funds.

Davis, "This one has been discussed quite often. If we did do this, it would have to be a city-wide program. It may be at least of some interest to explore with Ham Lake and Columbus to see if there are other options. Bob and I went to two City Council meetings at Ham Lake discussing these problems at Coon Lake. I think one of the recommendations there was that they put in a water system. Their issue was more a contamination of the drinking water which may or may not be the same situation we have. But, their initial recommendation was to put some cluster systems in that would be maintained by an association. Well, we all know where that leads. Eventually the association comes back to the City with problems and gives it to the City. We are the last solution when no one can take care of it."

Moegerle, "I like this one a lot. With the one issue, we are discussing going forward with a loan program for the businesses. This one we are helping the residents, many who have a real problem with their septic systems and a real problem paying for it. I know that there are programs through Anoka County, but where I am at the beach people who would seem to qualify for a number of reasons said they had gone to the county and they told them they had too much equity in their house. Or, worse, you don't have enough equity in your house. So, they still have a leaking septic system, they still have a public health hazard to all of their neighbors and it goes unapproved. So, I think these people would be responsible and getting their septic systems up to code if there was a way they could do it without it being too overwhelming."

DeRoche, "And being as dense as Coon Lake is and there are a lot of problems over there. And this is something we had discussed even before we were elected. And, after we took office, we how do we take care of this problem? Jack referred to the Hiawatha Beach area and they had talked about the community systems. I have bounced the community systems off the people at the beach and they seemed pretty much for it. They know that they have to do something. There are people that are financially challenged and some lots are 20' x 100'." Moegerle, "Are you talking a standalone system?" DeRoche, "Yes." Moegerle, "Are you in support of that?" DeRoche, "We haven't discussed it." Davis, "There are a lot of challenges there. Maybe it is time to look at cluster systems. My only point about looking at regional systems is primarily it would have to be Ham Lake. There are 170 potential customers in the Hiawatha Beach area and up to 240 in the Coon Lake Beach area. So if you had a system that had a customer base of 410 people you might be able to do something that is financially feasible to pay back, but also financially affordable. So maybe that needs to be looked at also."

Lawrence, "This system would most likely be a forcemain driven system, right?" Davis, "If you did anything there, and let me be perfectly clear, I am just promoting ideas. We are not talking about a municipal utility idea." Moegerle, "So, in order to put something in down there, it would have to go down the road. And what did we just do down there? We just improved the roads. So in order to put in a sewer system, we would have to tear up the roads again. That is one thing to discuss. I hate to go down that road again. We have been there and it hasn't worked out well. Certainly I don't want to deny anything its fair hearing."

Davis, "I think it should be looked at from a number of solutions to see which one would be the best and it could be that addressing it individually is the best." DeRoche, "We also addressed in the past if we wait until someone at the state gets involved then we are up against the wall. Either way it is something we are going to have to look at and address." Moegerle, "I would really like to see the septic systems be the systems out there if we can

get compliance. That is the problem. If you put in a sewer system, then you can force compliance. It is a heavy handed way of doing things as we have experienced.”

Davis, “There have been several other things we have talked about, when you do cluster systems you might have three or four homes that have it go to a drain that is pumped regularly.” DeRoche, “That might be cheaper for someone than bringing someone in and having a system designed. When I built my garage, I had to have mine designed. I had to build a system for four bedrooms and it was a huge expenditure of money. Something to look at.” Davis, “I am not a big advocate of studies, but HRA funds could probably pay for a study to see what would be the best for over there.” Koller, “I think on those small lots holding tanks would be the only way to go without spending a fortune.” Davis, “Coon Lake is not an impaired body right now. It is close.” Moegerle, “What about for some of these houses that have been owned by the bank, what about creating an incentive system for the neighbor to purchase that property, raise the structure and add more green space. That would reduce population density. If it is owned by the bank, is there a way this could be done with HRA funds. Tax it differently to make it cheap until it is torn down.”

DeRoche, “There are people that buy these distraught properties, buy them cheap and turn them into rentals. Even though down in the cities they might not pass the smell test. At one time the city was buying lots down there. I can see legal going through the roof.” Moegerle, “You wouldn’t be dealing with homeowners. How have the banks been as far as dealing with them?” Davis, “Generally the banks seem to be disinterested.” Moegerle, “But if there is an ordinance that would require them to take that action?” Vierling, “I don’t know if you could require that.”

Lawrence, “We have talked about water and sewer there for a long time. Some are for it, some against. A forcemain system would be better.” DeRoche, “They take the White Pines right out.” Davis, “Regardless what is done there, it will be a challenge.” Lawrence, “It might require a cluster system. And they come together at a point.” Moegerle, “Are you interested in a study to start working on a RFP?” Davis, “I think we should meet with the city engineer first and check with the building official to get the list that was compiled. And, see where we need to go with this.”

DeRoche, “I talk to quite a few people there and I can go to the Coon Lake Beach Community Center meeting and talk about it.” Koller, “If they are against it, you will be fighting them the whole way.” Moegerle, “We did a survey in 2010 and they were absolutely against it. But, it is three years later.” DeRoche, “Part of the problem was one of the Council Members went out on a Friday and Saturday night and they were told it would cost \$5,000.” Ronning, “The original comp plan was \$35,000 a place. Some of those places aren’t worth that much.” Davis, “Whatever we do it has to be affordable to both the user and community. I think it would be very important to have a meeting over there and get some ideas. And let them know what we are thinking about. Let them know we are not proposing this, we are just discussing this.” Moegerle, “I also think we shouldn’t ignore the north side.”

Ronning, “Food for thought, how much work would it be to take a survey from the last census and see what kind of income is over there? If you put four homes into it, they have to support the infrastructure.” Davis, “Some of that census information has to be purchased.” Moegerle, “The community center did two surveys for the CDBG grant. They have that information.” Ronning, “My financial theory is people live in a bubble and they know how much they can spend. If there are skeptical numbers, we will know if we can

approach them or not.” DeRoche, “A good majority of them are laid off, working the in the Dakotas, or have no jobs. It is unique there. It is a nice community. They have been working from paycheck to paycheck. They are trying to make it from what it is.”

Other Considerations

Use of funds for other means to stimulate the development of Senior Housing
Consideration of City HRA Levy for 2014 and beyond

Legal and Eligibility Considerations

As with the use of specifically purposed and statutorily regulated programs and funds, any of the above uses, if selected for a project, would need to be reviewed and approved for program eligibility.

We have been tasked with the responsibility for ensuring that we obtain the maximum benefit from this program and I would hope that we could find project eligible uses that would compliment both our housing and economic development goals. While the list included in this report is not all inclusive, it does present some differing examples or combination of ways that we can utilize and leverage this program to create additional benefits over and above of those of conventional type housing programs.

The City did not levy an HRA tax for pay 2012 or 2013. The unaudited cash balance of the HRA Fund as of March 31, 2013 is \$799,516.63. Obligations against this balance include an interfund loan to the EDA in the amount \$281,400, a 2013 budget encumbrance of \$22,900 and a proposed 2014 budget proposal of \$22,900 for administration of the HRA. Total available funds for the HRA projects in 2014 could be \$472,317. The EDA interfund loan is scheduled to be repaid over the next five years and that there is the possibility that total amount of the loan funds may not be committed, increasing the possibility of available funds in this account exceeding \$473,317.

DeRoche, “If I remember right, we tried to do that last year. A levy to put in for the sewer fund.” Davis, “On the HRA you can levy, and it is .0185%. But, it would generate about \$150,000.” Moegerle, “If we come up with a good program, then fine, we can levy. But, if we don’t come up with a good plan, then we don’t do it.” DeRoche, “If it was used for one of these programs, and not to go in the general fund.” Davis, “It can’t go in the general fund, can only be used for HRA purposes.” Ronning, “What is the range for this?” Davis, “\$0 to the percentage.” Lawrence, “Can that money be borrowed to any department in the city?” Davis, “Probably, as a loan. As an interfund loan, but it has to be repaid.” Ronning, “If there is a loan from HRA is there any oversight?” Davis, “The City Council is the HRA, so they have complete oversight.” Lawrence, “Plus the auditors would look at that.” Moegerle, “In regard to the EDA, they can’t spend money; it has to go through the Council.”

DeRoche, “I would entertain the thought of talking the businesses and see what they think. Talking the church. Making Village Green hook-up. The city-wide septic, something to think about.” Moegerle, “We have had this money for so long, kind of a travesty to not have it to back to work for the people. We had a discussion about the Anoka County HRA holding onto \$20,000 additional dollars. Whatever came of that after the lawsuit?” Davis, “We checked on that and asked the county to provide us with accounting and they indicated that they have returned those funds to us.” Moegerle, “But our numbers don’t match their numbers.” Davis, “We need to make sure we are talking in the same language.” Lawrence, “We have a long way to go before we decide what to do with the money from the HRA. We

have a lot of questions that aren't answered. We need to get ready to move on things. So these discussions are helpful." Moegerle, "What is the time frame? Are you thinking we will have an idea we will have a plan by the end of summer?" Davis, "I would like to have a meeting with the East Side businesses. I would like to have a meeting at Coon Lake Beach at the Community Center to get direction and once we have that direction, we will know better how to proceed. I would also like to have a meeting with the church. We will also need to know what we have left over from the bond funds before we can proceed. The one that we will be able to proceed first on will probably be the city-wide septic program."

Adjourn **Moegerle made a motion to adjourn the HRA meeting at 7:55 PM. Lawrence seconded; all in favor, motion carries.**

Attest:

Wendy Warren
Deputy City Clerk

DRAFT

City of East Bethel
Housing and Redevelopment Authority Special Meeting
May 1, 2013

The Housing and Redevelopment Authority (HRA) met on May 1, 2013 for a special meeting at City Hall at 7:05 PM.

MEMBERS PRESENT: Bob DeRoche Ron Koller Richard Lawrence
 Heidi Moegerle Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney
 Colleen Winter, Community Development Director

Call to Order DeRoche called the meeting to order at 7:05 PM.

Adopt Agenda **Moegerle made a motion to adopt the May 1, 2013 Housing and Redevelopment Authority (HRA) special meeting agenda. Koller seconded; all in favor, motion carries.**

Res. 2012-05 Winter explained that the City's Municipal Utility project is substantially complete and there are several businesses that will be required to connect to the system. Council Authorizing an Interfund Loan understands that there is a substantial cost to these businesses owners for accessing the new utilities and over the past few months, the Economic Development Authority and City Council have been discussing ways to minimize that impact. As a result an Economic Development Loan Fund herein referred to as "The Utility Infrastructure Loan Program" was approved by City Council on April 17, 2013. This program will provide loan funds to eligible applicants to assist them in paying for their utility connection costs in the event other resources are not available, only partial funding is obtainable through banks or they could not qualify for a bank loan for this purpose. This can provide an alternative and a last gap option of financing to those businesses that would be affected by the mandatory utility connections.

In order to effectively implement this program it is necessary to approve the transfer of up to \$281,400 from the HRA to the EDA to make funds available for this purpose.

Resolution 2013-05 enables the transfer to be complete and funds made available for the loan program.

Davis explains staff recommends Council adopt Resolution 2013-05 Authorizing an Interfund Loan for the Advance of Funds to the City of East Bethel Economic Development Authority for the Commencement and Administration of a Utility Infrastructure Loan Program.

Moegerle made a motion to adopt Resolution 2013-05 Authorizing an Interfund Loan for the Advance of Funds to the City of East Bethel Economic Development Authority for the Commencement and Administration of a Utility Infrastructure Loan Program. Koller seconded.

Ronning made an amendment to the motion to change the order of paragraph 4 and 5,

the Whereas. Make the 4th Whereas the 5th Whereas and the 5th Whereas the 4th Whereas. Also, delete the 6th Whereas. Under Now Therefore 1. Interfund Loan. Pursuant to authority granted to it by the Act, the HRA hereby authorizes the advance of up to \$281,400 from any of its funds or so much thereof, *incrementally*. Take out paragraph 3. Further Security. And add into 4. Amendments. The HRA may amend the terms of the Interfund Loan at any time by resolution of this Board of Commissioners, including a determination to *terminate the Interfund Loan or consider the forgiveness of a portion of the outstanding* 5. Further Actions. ~~The HRA staff and consultants are~~ *is* authorized and directed to undertake ~~all further~~ *any* actions and activities necessary to effectuate the intent of this Resolution *in the best interests of the City of East Bethel.*

Moegerle, "As Mr. DeRoche said on March 20th, if it is not in writing, it is not there. To the extent that we have them written and included in here, if we delete this paragraph with regard to further security, we will not have structure in here and it will be in the control of a future Council. That one I am not with you. And, #5, Future Actions. Isn't this contacting a lot of different people?" Winter, "It is what is written into the policy that we have presented to the Council and how that is to be handled by the staff. It was presented to the Council." Ronning, "As far as #5, nobody has been eliminated or removed. It is a little cleaner. In the best interest of the City of East Bethel. We assume that is going to be done." Moegerle, "We all take oaths." Ronning, "There is difference of opinion of how this is going to happen." Davis, "I would like to add that #5 is really just an administrative function and in my opinion that is what this refers to." Moegerle, "I would like to hear from our City Attorney." Vierling, "If those circumstances did occur, they wouldn't have to return to the HRA. By eliminating you are just having them return to the HRA. On paragraph 5, I concur with the city administrator why that is there. It is not the intent that you don't want staff to execute the policy." Ronning, "I don't have a problem with withdrawing my changes to #5."

Koller second the amendment.

DeRoche, "I also have a problem with the third paragraph. If something doesn't go quite right, I don't want to go back to the taxpayers and say this didn't go right too." Moegerle, "I don't envision this being a situation where the EDA is going come to the City Council and say, "How do we solve this situation." Now you have to help out the EDA with the funds so we can repay the HRA the funds. It is all circular and it all comes back to the City Council. I agree with what you said, "If it is not in writing, it is not there. It can still be done, but we have no control over what a future council can do with it. And frankly, I don't think this is going to happen." Ronning, "Among my reasons, the thought comes out that this is a little too loose for me." DeRoche, "If they have to come back, if there is a default, the City Council will have to shore it up." Moegerle, "This is may. It secures that right. I think that needs to be outlined. The council controls all the money loaned by the EDA. The five of us have control of it every step of the way."

Moegerle, "Would you keep #3 Further Security in if we put in after made under the Loan Program or *for any other reason.*" Ronning, "The main thing is it is too loose as it is." Moegerle, "I asked would you keep it in if we inserted those three words." Lawrence, "I want to keep this in. I don't want to strike it, that makes it too vague. I agree with changing the structure."

Roll Call vote on the amendment. DeRoche, nay; Koller, nay; Lawrence, nay; Moegerle,

nay; Ronning, aye; motion fails.

Moegerle amended her original motion to add under #3 Further Security. If, in the discretion of the City Council of the City, the EDA requires assistance to pay off the Interfund Loan, whether due to defaults in loan payments to be made under the Loan Program or for any other reason..... Koller seconded. DeRoche, "I don't like the fact that number 3 is included in here. I have been stating my reason for many meetings." DeRoche and Ronning, nay; Koller, Lawrence and Moegerle, aye; motion carries.

Adjourn **Moegerle made a motion to adjourn the HRA meeting at 6:55 PM. Koller seconded; all in favor, motion carries.**

Attest:

Wendy Warren
Deputy City Clerk

DRAFT



City of East Bethel Housing & Redevelopment Authority Agenda Information

Date:

July 3, 2013

Agenda Item Number:

Item 4.0

Agenda Item:

HRA Projects and Fund Uses

Requested Action:

Discuss Potential HRA (Housing and Redevelopment Authority) Projects and Uses of HRA Funds

Background Information:

We are still waiting for a determination in the fund balance of our Municipal Utilities Bond Funds to ascertain the amounts we would have for the projects listed below. That amount should be available by July 13, 2013. At that time we will complete a funding source for potential projects and submit to the HRA.

The City is authorized by Minnesota Statutes, Chapter 469.001 to 469.047(the ACT) to establish a Housing and Redevelopment Authority (HRA) to address;

- a) the shortage of decent, safe and sanitary dwelling accommodations available to persons of low and moderate income and their families at prices and amounts they can afford within the City of East Bethel;
- b) substandard, slum or blighted areas existing within the City of East Bethel which cannot be redeveloped without government assistance.

In addition to the more customary HRA activities that address strictly housing , there are a variety of uses we may wish to explore for their potential as projects to leverage our HRA funds to produce primary economic development results. Even though most of these recommendations would not be traditional HRA type projects, there may be the possibility of justifying their relationship and impact on housing to fulfill the intent of the purpose of the program. The following projects could be candidates for HRA funding:

Hwy. 65 East Side Redevelopment Project

Purpose: Extend water and sewer service and street improvements, offer storefront renovation loans and provide streetscaping to the east side of Hwy. 65 from 183rd to 187th Lane. The use of funds for this type of project would clean up a blighted area and stimulate and improve the potential for residential development in the areas immediately surrounding the affected properties. This project would also provide utility service to this area and possibly be a catalyst for a Senior Housing Project that could potentially be located in this area.

Estimated Cost: \$2-3 million dollars depending on the scope of the project

Other Funding: This project would have to be bundled with City Street Capital Improvement Plans, MnDOT Cooperative Agreement Grants, MSA, Municipal Utility Bond fund balances to supplement HRA monies to generate the total funds required to make this feasible.

Comments: Justification for this type of project may prove to be challenging but this type of project would provide the highest return on investment of any of the alternatives that Staff has reviewed in terms of combining economic development needs with housing goals. The project could be designed to recover those costs that are assessable and require any type of loan repayment.

Our Savior's Utility Extension

Purpose: Extend water and sewer service to Our Savior's Lutheran Church (OSLC) to service an area that would be developed for Senior Housing. This project would require an agreement with OSLC that would commit them to the project. Details of such an agreement would be determined by HRA program guidelines. The use of HRA funds for this project could free up any bond fund balances from the Municipal Utilities Project for other uses.

Estimated Cost: \$300,000 to \$400,000.

Comments: This project would be dependent on the guarantees that would be required from OSLC in regards to developing Senior Housing both in terms of commitment to the implementation of a project and the approval of an acceptable time line for completion. This may still be a project for use of any excess bond funds but the bond funds would have to be committed by no later than the end of this year. Terms of reimbursement are yet to be determined.

Storefront Renovation Program

Purpose: to provide loan funds to improve the storefronts and signage of up to 19 businesses along the service road on the east side of Hwy. 65 from 183rd Lane to 187th Avenue. This type of program would improve the overall appearance of a commercially blighted area, offer opportunities for some potential high density residential development and enhance the attractiveness of adjoining property for residential use.

Estimated Cost: \$400,000 to \$500,000

Comments: Justification for this type of activity might prove to be problematic unless we can tie the blight elimination to any housing within this area. This would be a loan fund project and would be repaid to the HRA.

Waterline Extension to Village Green

Purpose: Extend Water Service to Village Green to serve approximately 140 low to moderate income residents. This project would provide access to the City water system and enable a more reliable and efficient means of fire protection and water delivery. This project would have to be legally vetted and could result in litigation.

Depending on the final cost of the Castle Towers/Whispering Aspens Force Main Extension this project could still be completed with bond fund balances but would still have to be legally defensible in terms of requiring Village Green to connect to the system.

Estimated Cost: \$300,000

Comments: This project could meet program guidelines but legal issues could be an obstacle for considering this use for the funds. This project may be able to be assessed to recover the costs of extension but that might complicate the legal issues in this matter.

Citywide Septic System Improvement Loan Program

Purpose: Provide low interest loans for septic system improvements for failing systems in the City. This type of program could possibly be combined with County CBDG assistance to provide additional funds for these activities. This use would provide the least leverage of HRA funds to enhance economic development activities. Another possible use of these funds would be to seek a long term solution those more densely populated areas on Coon Lake, including combining projects with other Cities and exploring localized infrastructure solutions to address problems in these areas.

Estimated Cost: \$500,000 and up depending on the number of applicants or the choice of solutions to the problems associated with Coon Lake.

Comments: This type of project could meet eligibility requirements but would offer little in the way of economic development. It may also be only a temporary solution to a much larger problem of service provision that may be required at some point in the future. There are also low interest loan funds available from Anoka County to address these problems for those residents that meet income guidelines. While being limited as to direct economic development benefits, this use of funds could have a potentially significant environmental impact in terms of both surface and subsurface water quality. This type of project would also be required to repay loan funds.

Other Considerations

Use of funds for other means to stimulate the development of Senior Housing
Consideration of City HRA Levy for 2014 and beyond

Legal and Eligibility Considerations

As with the use of specifically purposed and statutorily regulated programs and funds, any of the above uses, if selected for a project, would need to be reviewed and approved for program eligibility.

We have been tasked with the responsibility for ensuring that we obtain the maximum benefit from this program and I would hope that we could find project eligible uses that would compliment both our housing and economic development goals. While the list included in this report is not all inclusive, it does present some differing examples or combination of ways that we can utilize and leverage this program to create additional benefits over and above of those of conventional type housing programs.

Fiscal Impact:

As described above.

The City did not levy an HRA tax for pay 2012 or 2013. The unaudited cash balance of the HRA Fund as of March 31, 2013 is \$799,516.63. Obligations against this balance include an interfund loan to the EDA in the amount \$281,400, a 2013 budget encumbrance of \$22,900 and a proposed 2014 budget proposal of \$22,900 for administration of the HRA. Total available funds for the HRA projects in 2014 could be \$472,317. The EDA interfund loan is scheduled to be repaid over the next five years and that there is the possibility that total amount of the loan funds

may not be committed, increasing the possibility of available funds in this account exceeding \$473,317.

Recommendations:

Staff requests HRA consider and discuss the uses of HRA funds for the projects listed above and any other possible uses of these funds that comply with program guidelines.

East Bethel Housing and Redevelopment Authority Action

Motion by:_____

Second by:_____

Vote Yes:_____

Vote No:_____

No Action Required:_____