Housing and Redevelopment Authority

Monday, May 6, 2024
5:30 PM
Elk River City Hall

Regular Meeting Agenda

- Regular meeting in Council Chambers

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1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CONSIDER AGENDA

4. CONSENT AGENDA
   Considered to be routine and noncontroversial and will be approved by one motion. There will be no separate discussion of these items unless there is a request to remove the item from the consent agenda to the regular agenda.

   4.1 Minutes from April 1, 2024

   4.2 Check Register

   4.3 Balance Sheet

   4.4 Revenue/Expenditure Reports

5. OPEN FORUM
   An opportunity to provide comments and feedback regarding items not on the agenda. Information provided in Open Forum will not be discussed at this meeting; rather, the information will be referred to staff and/or scheduled for discussion at a future meeting.

6. GENERAL BUSINESS
   Items in which the information is presented by city staff or consultants, then deliberation and action occur. General Business items are not opportunities to receive or provide public input. However, the presiding officer may, at its sole discretion, solicit public feedback.

   6.1 Housing Rehabilitation Loan Program Update

   6.2 Placer.ai Renewal

   6.3 State Affordable Housing Aid

   6.4 Furniture Placement at 724 Main Street

   6.5 General Updates

7. MOTION TO ADJOURN REGULAR MEETING

Meeting of the Housing and Redevelopment Authority
Held at the Elk River City Hall
Monday, April 1, 2024

Members Present:	Councilmember Jennifer Wagner, Commissioner Dennis Chuba, Commissioner Lynn Caswell, Commissioner Mel Beaudry
Members Absent:	Commissioner Nate Ovall
Staff Present:	Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and Sr. Administrative Assistant/Recording Secretary Jennifer Green

1. CALL MEETING TO ORDER
   Pursuant to due call and notice thereof, the meeting of the Elk River Housing and Redevelopment Authority was called to order at 5:30 p.m. by Chair Chuba.

2. PLEDGE OF ALLEGIANCE
   Chair Chuba led the Pledge of Allegiance.

3. CONSIDER AGENDA
   Moved by Commissioner Jennifer Wagner and seconded by Commissioner Lynn Caswell to approve the April 1, 2024, HRA meeting agenda. Motion Carried 4-0.

4. CONSENT AGENDA
   Moved by Commissioner Mel Beaudry and seconded by Commissioner Lynn Caswell to approve the Consent Agenda items listed below. Motion Carried 4-0.

   4.1 Regular Meeting Minutes- March 4, 2024
   Special Meeting Minutes - March 14, 2024

   4.2 Check Register

   4.3 Balance Sheet

   4.4 Revenue/Expenditure Reports

5. OPEN FORUM

Jim Stenglein, 14199 202nd Ave. NW, stated he was a 50-year resident of Elk River and offered suggestions to improve the green space in downtown Elk River. He explained his contact with Deanna from Waterfall Salon, who talked with Steve Hickman of Furniture and Things. Mr. Hickman offered the downtown area free use and delivery of temporary seating (benches, chairs) in the green space for people visiting the concerts and Farmers Market this year. He offered to help make that happen. He also felt the downtown streets and sidewalks are not ADA compliant, and the lack of restrooms, including handicapped restrooms, was disappointing.

The HRA noted they would be discussing the topic during the work session and thanked Mr. Stenglein for voicing his support and concerns.

6. GENERAL BUSINESS

6.1 Housing Rehabilitation Loan Program Update

Mr. Mollan presented the staff report. He stated with the arrival of Spring, he will send out loan program marketing materials to residents.

Commissioner Caswell asked what the process would be to allow a home to take advantage of a loan that wasn't in the urban service district. He stated there are needs beyond the urban service district.

Mr. Mollan stated this was considered last year to expand beyond the urban service district. The HRA decided to focus on the boundaries of the urban service district.

Commissioner Wagner asked if the HRA should have another conversation at a future meeting regarding expanding the boundaries.

Commissioner Beaudry asked for more details about the loan program guidelines and how the boundary was determined. Mr. Mollan explained the program details are available on the city's website and more information will redirect you to CEE's site. He stated he would email some information to the HRA members for them to review.

Chair Chuba stated a line has to be drawn and initially the established line was used for this. There will always be someone on the other side of a boundary and the HRA is limited to a small amount of money for each loan.

After some discussion, it was the consensus of the HRA to discuss this topic at a future work session.

6.2 General Updates

Mr. O'Neil updated the commission regarding the Main and Gates properties with Ron Touchette and noted documents were sent to the title company. He stated he would be discussing the possibility of TIF being pursued for reimbursement at tonight's City Council meeting. He stated that the demolition of the homes on these properties was not intended to create a TIF district but rather create the opportunity for reimbursement of demolition costs if there was a large project requesting TIF, and then a district could be created. The city's financial advisor suggested tax abatement was another method to seek reimbursement of demolition costs.

Commissioner Wagner recalled the discussion about a possible housing TIF project when a developer approached the city over a year ago. She noted it was at a time when the vacancy rates were zero. She stated they concluded they did not feel it was prudent to support a housing project with TIF when the property would be immediately filled.

Commissioner Caswell asked how that would work with Tax Abatement.

Mr. O'Neil explained how tax abatement was a little easier to get through the process of approving the abatement, but with both abatement and TIF, you use future growth from property tax to reimburse the funds by the new taxes generated from the property. He outlined how TIF brings in the school district and county portion and abatement only brings in the portion for the city. He stated the size of the project also matters and at this point, it's tough to forecast the value of the project without project details. Internally, they can attempt to calculate if it's a strong reimbursement or not.

Mr. Mollan discussed the downtown hanging baskets and recalled last season's flowers were not at the level of anticipation. He stated after speaking to Yardworx about last season's baskets, they were receptive to feedback about 2023's flowers. This season's were still growing in the greenhouse and will be ready by mid-April to mid-May depending on the weather with three colors going into the baskets making them eye-catching. They stated they were seeing weeds in the cracks of the downtown sidewalks and offered an upsell of additional services. He stated Yardworx was passionate about the areas they serve and want it to look great. Mr. Mollan stated the agreement will expire at the end of this year and if the HRA would like to consider renewing their contract, they would like to know around mid-July/August to ensure ordering by fall.

Commissioner Wagner suggested going out to bid to be prudent.

It was the consensus of the HRA to have staff prepare an RFP for bid.

Mr. O'Neil stated the EDA will have a presentation at the April 15 meeting to discuss an interest in operating a hotel in Elk River. He want to mention it as a courtesy to the HRA for possible redevelopment.

Mr. O'Neil stated the PlacerAI software agreement is up for renewal. He stated he and Mr. Mollan felt there's value to renewing and wanted to adjust the 50/50 cost split with the EDA since they use the information more than the HRA.

Mr. O'Neil stated the Sherburne County housing study will proceed with a full study to include subsections for each city in Sherburne County. He stated he doesn't know it's prudent for the HRA to do our own study and felt it better to communicate with their consultant and find out what city data will be available. He will determine if it's cost-effective to add on versus doing a full study of our own later. Staff would recommend that the county take the lead on their study and avoid a redundancy and suggested then the HRA refresh the information in 2-3 years.

7. MOTION TO ADJOURN REGULAR MEETING
Moved by Commissioner Lynn Caswell and seconded by Commissioner Mel Beaudry to adjourn the regular meeting of the HRA. Motion 4-0.

8. WORK SESSION – UPPER TOWN CONFERENCE ROOM

The regular meeting adjourned at 6:04 p.m. Chair Chuba called the work session to order at 6:07 p.m.

8.1 724 Main Street Utilization in 2024

Mr. O'Neil opened the discussion about downtown Main Street and the former Meat Market site and noted the speaker at Open Forum provided an introduction to this topic, which was: what do we want to see in the downtown greenspace. He stated the downtown group has also reached out to him to request, in the short-term, more temporary amenities than just grass, as the city contemplates the long-term plan for the area. He stated the Planning and Engineering departments are taking the lead on the long-term plan by hiring a consultant in conjunction with a future redesign of the area to include a future rebuild of Main Street. Mr. O'Neil asked the members of the HRA, since they are the owners of the property and can guide the future of the use of the space, if they have an interest in more than greenspace. He stated there are strong requests to do more here and the potential of low-cost amenities. Staff notes, maintenance of the greenspace is always an issue and currently the maintenance is low, but if you add temporary amenities, it adds to the care. Also, would you open up the opportunities to any entity to provide amenities as a matter of fairness.

The HRA commission discussed the short- and long-term possibilities for the site. The short-term includes temporary chairs and picnic tables, long term includes restrooms. Temporary bathrooms are placed downtown for the Farmers Market but they are in demand and seem to be a much desired amenity for the entire downtown area.

The HRA Commission discussed ADA compliance, which was a concern of Jim Stenglein, the gentleman who spoke at Open Forum. Mr. O'Neil explained the ratio of the number of handicapped accessible parking spaces downtown has been reviewed and does comply with the requirements. He noted the most recent concerns involved retrofitting where the sidewalk meets the curb, and updates to the ramps from the road to the sidewalk. He also noted the sidewalk pavers were a concern and would require a fix in the next year or two.

The HRA Commission discussed the temporary chairs and tables that could be provided and discussed concerns with placement directly on the grass or one pacers, and securing them from theft.

Commissioner Wagner provided her input regarding her use of Furniture and Things tables and chairs at her downtown business. She indicated the furniture is sturdy, they deliver and pick up after the season, and require little cleaning. She stated they do secure the furniture. She reiterated her passion for this space to be used for a higher purpose. She didn't feel it needed to go on pavers. She also expressed concerns with parking perceptions.

Chair Chuba expressed concerns with grass wear, the possibility of mud, and security issues where a camera should be installed. He felt it important to honor the offer that was received by Mr. Hickman.

Mr. O'Neil noted this felt like a resolution to accept a free will donation and formally accept the service at their own cost could be passed.

Commissioner Wagner suggested putting down Class 5 where the items will be located to mitigate wear on the grass.

It was the consensus of the HRA to consider the offer by Furniture and Things at the May meeting and work out the details with them.

8.2 Duffy Development Update

Mr. O'Neil asked the HRA to continue this item until after the closed meeting to accommodate the scheduled closed meeting.

9. MOTION TO ADJOURN

Moved by Commissioner Lynn Caswell and seconded by Commissioner Mel Beaudry to continue Item 8.2. Duffy Development Update until after the Closed Meeting. Motion Carried 3-0 (Commissioner Wagner had stepped out of the room).

The meeting was adjourned at 6:32 p.m. The closed meeting was called to order at 6:33 p.m.

10. CLOSED MEETING

10.1 Statement to be read by the Chair: "The HRA will be holding a closed meeting per MN Statute §13D.05, Subd. 3. The Authority will develop or consider offers or counteroffers for the purchase or sale of real or personal property. The property being discussed is 425 3rd St. NW, PID #75-00401-0110."

- Motion calling closed meeting.
- Hold closed meeting.
- Motion to adjourn closed meeting.

Moved by Commissioner Beaudry and seconded by Commissioner Caswell to open the closed meeting of the Housing and Redevelopment Authority. Motion carried 4-0.

The HRA held a closed meeting regarding the above topic.

Moved by Commissioner Beaudry and seconded by Commissioner Caswell to close the closed meeting of the Housing and Redevelopment Authority. Motion carried 4-0.

11. MOTION TO ADJOURN

Moved by Commissioner Lynn Caswell and seconded by Commissioner Mel Beaudry to adjourn the work session at 7:00 p.m. Motion carried 3-0.

12. REOPEN WORK SESSION

Chair Chuba reopened the meeting of the HRA at 6:44 p.m. to discuss item 8.2.

12.1 Duffy Development Update

Chair Chuba reopened the work session meeting of the HRA at 6:44 p.m.

8.2. Duffy Development Update

Mr. Mollan provided an update to the HRA on the proposed Duffy Development project and their requests from the city to show support for their senior development project application. Those items include a letter of support from the city/HRA, financial participation from the city, community outreach, and a community development initiative plan. He further explained the community development initiative plan is something implemented by the city or HRA with certain requirements. One important piece of the initiative is the city's support of affordable housing. He stated if this initiative is created, it will not be specific to the Duffy project but rather something that could be used by any future developer. Mr. Mollan stated that in December, staff met with Mr. Duffy to get more details on this item and this initiative would require a third party to get involved as it is quite detailed and in depth. Mr. Mollan also suggested Mr. Duffy meet with the Planning Commission to discuss his concept plan and receive feedback on their position for parking requirements.

Mr. Mollan asked the HRA if this project was still supported by them to assist Duffy Development's application. He would also be asking the City Council for their thoughts and support. He stated the deadline for staff would be for completion of any items by the June HRA meeting.

Commissioner Wagner fully supports this project and is in agreement with finding ways to provide that support (site- specific support) without using TIF or city incentives in the form of tax dollars.

Chair Chuba agreed with Councilmember Wagner.

Commissioner Wagner excused herself to attend the City Council meeting (6:55 p.m.).

After discussion, it was the consensus of the HRA to be supportive of site-specific areas of the project.

Mr. Mollan noted an updated housing study will also be helpful once it's completed.

13. MOTION TO ADJOURN WORK SESSION

Moved by Commissioner Lynn Caswell and seconded by Commissioner Mel Beaudry to adjourn the work session. Motion carried 3-0.

The meeting was adjourned at 7:00 p.m.

Minutes prepared by Jennifer Green.

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Denny Chuba, Chair

____
Tina Allard, City Clerk

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
E C M PUBLISHERS INC	SPRING HOME IMPROVEMENT AD	HRA	Housing & Redevelopmen	345.00
			TOTAL:	345.00
CITY OF ELK RIVER	REIMB SALARIES - APR 24 HR	HRA	Housing & Redevelopmen	6,302.03
	REIMB SALARIES - APR 24 HR	HRA	Housing & Redevelopmen	472.65
	REIMB SALARIES - APR 24 HR	HRA	Housing & Redevelopmen	390.73
	REIMB SALARIES - APR 24 HR	HRA	Housing & Redevelopmen	91.38
	REIMB SALARIES - APR 24 HR	HRA	Housing & Redevelopmen	1,594.80
	REIMB SALARIES,W/C, AUDIT	HRA	Housing & Redevelopmen	9,453.04
	REIMB SALARIES,W/C, AUDIT	HRA	Housing & Redevelopmen	708.98
	REIMB SALARIES,W/C, AUDIT	HRA	Housing & Redevelopmen	586.09
	REIMB SALARIES,W/C, AUDIT	HRA	Housing & Redevelopmen	137.07
	REIMB SALARIES,W/C, AUDIT	HRA	Housing & Redevelopmen	1,594.80
	REIMB SALARIES,W/C, AUDIT	HRA	Housing & Redevelopmen	98.00
	REIMB SALARIES,W/C, AUDIT	HRA	Housing & Redevelopmen	45.75
			TOTAL:	21,475.32
KENNEDY & GRAVEN CHARTERED	LEGAL SVCS-MAIN & GATES	HRA	Housing & Redevelopmen	65.00
	LEGAL SVCS-GEN & MAIN & GA	HRA	Housing & Redevelopmen	78.00
	LEGAL SVCS-GEN & MAIN & GA	HRA	Housing & Redevelopmen	260.00
			TOTAL:	403.00

=============== FUND TOTALS ================

910	HRA	22,223.32
	GRAND TOTAL:	22,223.32

TOTAL PAGES: 1

BALANCE SHEET

AS OF: APRIL 30TH, 2024

910-HRA

ACCOUNT #	ACCOUNT DESCRIPTION	BALANCE		
ASSETS				
======				
910-1010	Cash - HRA	789,177.79		
910-1190	Loans Receivable	158,627.79		
910-1193	Forgivable Loan	75,000.00		
910-1194	Allow for Forgivable Loan	(75,000.00)		
910-1195	Note Receivable	400,000.00		
910-1310	Due From Other Funds	161,823.29		
910-1610	Land Held for Redevelopment	382,000.00		
			1,891,628.87	
	TOTAL ASSETS			1,891,628.87
				==============
LIABILITIES				
===========				
EQUITY				
======				
910-2400	Fund Balance	1,924,693.80		
	TOTAL BEGINNING EQUITY	1,924,693.80		
	TOTAL REVENUE	2,272.54		
	TOTAL EXPENSES	35,337.47		
	TOTAL REVENUE OVER/(UNDER) EXPENSES	(33,064.93)		
	TOTAL EQUITY & REV. OVER/(UNDER) EXP.		1,891,628.87	
	TOTAL LIABILITIES, EQUITY & REV.OVER/(UNDER) EXP.			1,891,628.87
				==============

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: APRIL 30TH, 2024

910-HRA

FINANCIAL SUMMARY 33.33% OF YEAR COMP.

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY					
HRA	445,100.00	531.09	2,272.54	0.51	442,827.46
TOTAL REVENUES	445,100.00	531.09	2,272.54	0.51	442,827.46
EXPENDITURE SUMMARY					
Economic Development					
Housing & Redevelopment	445,100.00	9,388.60	35,337.47	7.94	409,762.53
TOTAL Economic Development	445,100.00	9,388.60	35,337.47	7.94	409,762.53
TOTAL EXPENDITURES	445,100.00	9,388.60	35,337.47	7.94	409,762.53
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(8,857.51)	(33,064.93)		33,064.93

910-HRA

33.33% OF YEAR COMP.

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
HRA					
===					
Taxes					
910-3-0000-3111 Property Taxes	440,100.00	0.00	0.00	0.00	440,100.00
TOTAL Taxes	440,100.00	0.00	0.00	0.00	440,100.00
Intergovernmental Rev					
Charges for Services					
Other Revenue					
910-3-0000-3621 Interest Income	5,000.00	531.09	2,272.54	45.45	2,727.46
TOTAL Other Revenue	5,000.00	531.09	2,272.54	45.45	2,727.46
Other Financing Sources					
Transfers In					
TOTAL HRA	445,100.00	531.09	2,272.54	0.51	442,827.46
TOTAL REVENUE	445,100.00	531.09	2,272.54	0.51	442,827.46

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: APRIL 30TH, 2024

910-HRA

Economic Development 33.33% OF YEAR COMP.

Housing & Redevelopment

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
Personal Services					
910-4-6100-4101 Regular Pay	82,600.00	0.00	9,453.04	11.44	73,146.96
910-4-6100-4104 PERA	6,200.00	0.00	708.97	11.44	5,491.03
910-4-6100-4105 FICA	5,100.00	0.00	596.79	11.70	4,503.21
910-4-6100-4107 Medicare	1,200.00	0.00	139.57	11.63	1,060.43
910-4-6100-4108 Insurance	16,200.00	0.00	3,189.60	19.69	13,010.40
910-4-6100-4109 Workers Comp	350.00	0.00	98.00	28.00	252.00
TOTAL Personal Services	111,650.00	0.00	14,185.97	12.71	97,464.03
Supplies					
910-4-6100-4219 Operating Supplies	500.00	0.00	0.00	0.00	500.00
TOTAL Supplies	500.00	0.00	0.00	0.00	500.00
Services & Charges					
910-4-6100-4304 Legal Fees	8,000.00	0.00	0.00	0.00	8,000.00
910-4-6100-4319 Professional Services	32,000.00	0.00	0.00	0.00	32,000.00
910-4-6100-4322 Postage	50.00	0.00	0.00	0.00	50.00
910-4-6100-4331 Travel, Conferences & Schools	200.00	0.00	0.00	0.00	200.00
910-4-6100-4349 Advertising/Marketing	9,200.00	0.00	6,631.50	72.08	2,568.50
910-4-6100-4359 Publishing	350.00	0.00	77.40	22.11	272.60
910-4-6100-4401 Bldg Repair/Maint Services	4,000.00	0.00	0.00	0.00	4,000.00
910-4-6100-4404 Software Services	9,100.00	0.00	0.00	0.00	9,100.00
910-4-6100-4409 Contractual Services	27,750.00	9,388.60	14,442.60	52.05	13,307.40
910-4-6100-4433 Dues & Subscriptions	800.00	0.00	0.00	0.00	800.00
910-4-6100-4440 Miscellaneous	200,000.00	0.00	0.00	0.00	200,000.00
TOTAL Services & Charges	291,450.00	9,388.60	21,151.50	7.26	270,298.50
Capital Outlay					
Debt Service					
Transfers Out					
910-4-6100-4721 Transfer-General Fund	37,500.00	0.00	0.00	0.00	37,500.00
910-4-6100-4735 Transfer-EDA	4,000.00	0.00	0.00	0.00	4,000.00
TOTAL Transfers Out	41,500.00	0.00	0.00	0.00	41,500.00
TOTAL Housing & Redevelopment	445,100.00	9,388.60	35,337.47	7.94	409,762.53
TOTAL Economic Development	445,100.00	9,388.60	35,337.47	7.94	409,762.53
TOTAL EXPENDITURES	445,100.00	9,388.60	35,337.47	7.94	409,762.53
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(8,857.51)	(33,064.93)		33,064.93

Request for Action

To
Housing and Redevelopment Authority

Item Number
6.1

Meeting Date
May 6, 2024

Prepared By
Joshua Mollan, Economic Development Specialist

Item Description
Housing Rehabilitation Loan Program Update

Reviewed by:
Brent O'Neil
Cal Portner

Action Requested
Receive updates on the Housing Rehabilitation Loan Program.

Background/Discussion
CEE reports that all accounts are current and the HRA's portfolio is performing as expected with no delinquencies or late payments. There have been no new loans issued this period and $150,000 remains available for new loan disbursements.

CEE closed on two CenterPoint EZPAY loans in Q1.

Staff is working on the details on another mailer in partnership with Elk River Municipal Utilities. The mailer is aimed at being distributed in May or June.

Financial Impact
N/A

Mission/Policy/Goal
Improve existing housing stock by offering incentives or programs to repair and maintain residential properties.

Attachments
1. Q1 2024 Loan Summary Report

Elk River Loan Summary Report
Activity for Period 1/1/2024 - 3/31/2024

Center for Energy and Environment

	This period:		Year-to-Date:	
Application packets requested/mailed:	0		0	
Residential Advisor Visits:	0		0	

Loans currently in process for residents in your City/Neighborhood: 4

Closed Loans	This period:	Units	Year-to-Date:	Units
Elk River		0		0
Closed End	0.00	0	0.00	0
Total	0.00	0	0.00	0

Leveraged Funds	This period:	Units	Year-to-Date:	Units
CEE	9,800.00	2	9,800.00	2
Total	9,800.00	2	9,800.00	2

Types of Improvements Financed YTD	# of Projects	% of Total
Heating System	2	66.67
Thermostat	1	33.33

Types of Properties Financed YTD	#	% of Total
Single Family Residence	2	100.00

Request for Action

To
Housing and Redevelopment Authority

Item Number
6.2

Meeting Date
May 6, 2024

Prepared By
Joshua Mollan, Economic Development Specialist

Item Description
Placer.ai Renewal

Reviewed by:
Brent O'Neil
Cal Portner

Action Requested
Approve, by motion, a one-year renewal of the Placer.ai subscription.

Background/Discussion
Staff has continued implementing Placer.ai where beneficial. The platform has been used in the following ways, among others: local presentations and data sharing (Elk River Area Chamber of Commerce, Downtown Elk River Business Association), local event visitor analysis (Riverfront Concert Series, Farmers Market, EV Expo), 169 Redefine business impact and traffic analysis, annual leakage reporting, local facility visitation data for the city sponsorship package, traffic pin analysis to assist in billboard placement/timing, Orono Lake Improvement District collaboration for lake user analysis.

The software is set to renew on May 31st for $15,712. For the past two years, the annual charge has been split evenly between the HRA and EDA. Staff have found that the software is used for the activities of the EDA in a higher proportion than the HRA. Staff suggests updating the split where the HRA would cover 30% ($4,713.60) of the annual charge and the EDA would cover the remaining 70% ($10,998.40). The EDA approved $10,998.40 toward the renewal fee at its April meeting.

Financial Impact
The HRA share of the one-year renewal is $4,713.60.

Mission/Policy/Goal
Promote and support certain housing and redevelopment projects.

Attachments
None

Request for Action

To
Housing and Redevelopment Authority

Item Number
6.3

Meeting Date
May 6, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
State Affordable Housing Aid

Reviewed by:
Cal Portner

Action Requested
Item presented for information and discussion purposes.

Background/Discussion
In 2023 the state legislature commenced a program providing funds to communities to support affordable housing initiatives. The City of Elk River received $94,063 at the end of 2023 and will receive the same amount in 2024 to use on these initiatives.

As this program aligns well with the duties and mission of the HRA, the City Council has asked the HRA to lead the development of parameters to implement programs for the use of the funds. Staff will give an introduction to the program and initiate a process to coordinate program development with the HRA.

Financial Impact
N/A

Mission/Policy/Goal
Support adequate housing suply in Elk River.

Attachments
1. FAQs Statewide Affordable Housing Aid

MINNESOTA HOUSING

Local and Statewide Affordable Housing Aid: Frequently Asked Questions

In 2023, the Minnesota Legislature authorized aid payments to counties, cities and Tribal Nations. The goal is to fund affordable housing projects and help organizations provide affordable and supportive housing.

Local Affordable Housing Aid (LAHA) is aid to metropolitan local governments. LAHA is funded through a new dedicated sales tax in the seven-county metropolitan area. As sales taxes will vary, the amount of LAHA distributed will also vary.

Statewide Affordable Housing Aid (SAHA) is funded by state funds appropriated to the Department of Revenue. All Minnesota counties, seven Tribal Nations and 37 cities will receive this aid.

Aid payments are made directly to local governments. In the metro, aid is funded by the sales tax for housing. Statewide, aid is funded by state appropriations.

Throughout the document, “housing aid” is used when the response applies to both LAHA and SAHA.

Note: The information provided in this document does not constitute legal advice and is subject to change. If there are questions regarding how program requirements or criteria apply in specific circumstances, please consult with your own legal counsel.

Overview and Requirements

Why is there a difference between SAHA and LAHA?

The primary differences between LAHA and SAHA are the way they are funded, when funding will be disbursed and to whom.

Both aid projects have the same eligible uses and requirements except for market rate housing. This is only available in certain non-metropolitan areas using SAHA.

What are the eligible uses of housing aid programs?

Qualifying projects are:

- Emergency rental assistance for households earning less than 80% of area median income (AMI) as determined by the U.S. Department of Housing and Urban Development (HUD)
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing
- Development of market rate residential rental properties outside of the metro area if certain conditions are met
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing and gap financing of affordable housing

For more information, Minnesota Statute has the complete list of LAHA qualifying projects (see subdivision 4) and SAHA qualifying project (see subd. 4).

What is gap financing?

Gap financing is the difference between the property costs (including acquisition, demolition, rehabilitation and construction) and

- The market value of the property upon sale

OR

- The amount the target household can afford for housing (based on industry standards and practices)

What are the affordability requirements of LAHA and SAHA?

Specific income requirements are provided for:

- Emergency Rental Assistance
  - Less than 80% of AMI
- Homeownership
  - At or below 115% of the greater of state or area median income
  - Priority for those at or below 80%
- Rental Housing
  - At or below 80% of the greater of state or area median income
  - Priority for those at or below 50%

State and area median incomes are determined by HUD.

While there are no income requirements or income qualification for projects supporting nonprofits, organizations should be providing affordable or supportive housing.

Some non-metropolitan communities may be eligible to spend aid on market rate developments. There are no income requirements for market rate housing under this category.

Are there other requirements if using these funds?

Yes. If LAHA or SAHA is used for new construction or substantial rehabilitation of a building with more than four units, the building must be constructed, converted or otherwise adapted to include accessibility features, such as sensory-accessible (see subd. 4). Documentation will be required for reporting and compliance.

State Agency Roles and Reporting Requirements

What roles do the Department of Revenue and Minnesota Housing play in distributing and tracking local housing aid?

The Department of Revenue calculates and distributes the amount of aid available to each government. Revenue also accepts applications from eligible Tribal Nations.

Minnesota Housing's statutory role relates to reporting and compliance. First reports are due by December 1, 2025. While not required by the legislation, Minnesota Housing is hiring staff to support housing aid programs with technical assistance and coordination.

Does a city, county or Tribe need to apply to receive the funds?

For cities and counties there is no application process. Revenue will distribute aid according to statutory requirements.

Tribal Nations eligible for SAHA must apply to receive funds annually. Tribes should work with Revenue to meet this annual requirement.

Does a city, county or Tribe need to seek preapproval before spending the funds?

No. Approval is not needed before spending funds. However, funds must be used on qualifying projects and expenditures should be documented to avoid repayment or recapture.

Will Minnesota Housing be developing a program guide for housing aid?

No. Housing aid is not a grant or loan program and is not subject to a program guide.

Minnesota Housing will support housing aid programs through guidance and staff support.

What are the reporting requirements for the funds?

Beginning in 2025, housing aid recipients must submit a report to Minnesota Housing every year by December 1.

The report must include documentation (see subd. 6(b)) of:

- Qualifying projects completed or planned with the funds
- Location of unspent funds
- Inability to spend on a qualifying project prior to the deadline (if funds deposited into a local housing trust fund)
- Accessibility requirements (for project of four or more units)
- Relevant resolution and certifications for market rate developments in non-metropolitan communities

Additional guidance on the report's format will be provided in the future.

Do metropolitan counties need to submit a report for LAHA and one for SAHA?

Minnesota Housing is determining if the reports must remain separate. However, if they do, the report format will be the same or substantially similar for LAHA and SAHA.

What happens if a city, county or Tribal Nation does not submit a report or does not spend the funds?

Reports are due by December 1 every year. The first report is due on December 1, 2025.

If the aid recipient fails to submit a report, does not spend funds during the required timeframe, or spends funds on an ineligible project, they must repay the funds. Revenue may also suspend payments to these entities.

Find details on LAHA timelines (see subd. 6) and SAHA timelines (see subd. 6).

What happens to the aid funds if they are returned or recaptured?

If returned, aid funds would be deposited with one or more of Minnesota Housing's programs. This includes Family Homeless Prevention and Assistance Program (FHPAP), the Economic Development and Housing Challenge Program (Challenge), and the Workforce and Affordable Homeownership Development Program as specified in law.

Will Minnesota Housing be monitoring the use of housing aid prior to the reporting deadline for cities and counties?

Minnesota Housing will not require reporting prior to December 1, 2025, when the first report is due from cities and counties.

However, Minnesota Housing will be checking in with local governments to offer support and track spending progress.

Definitions and Clarifications

What is a Tier I and a Tier II city?

The terms Tier I and Tier II are used to determine cities that will receive aid.

A Tier I city is a statutory or home rule charter city that is a city of the first, second or third class. For LAHA, it must be in a metropolitan county. For SAHA, it must not be in a metropolitan county. Read the full definition of cities and classes.

A Tier II city is a statutory or home rule charter city that is a city of the fourth class and not located in a metropolitan county (see subd. 4).

The bill requires aid be spent on a qualified project. What is the definition of spent? If a project is started but not completed, are the funds considered to be spent?

Minnesota Housing is seeking clarification on the definition of spent.

Is SAHA funding from appropriations ongoing?

The following table reflects amounts appropriated to SAHA through the fiscal year ending in 2027. The appropriations are set at a base level with one-time increases in the first two years.

SAHA Appropriations	Fiscal Year Ending 6/30/24	FYE 6/30/2025	FYE 6/30/2026	FYE 2027 and each year after
To the 87 counties in Minnesota	$ 13,050,000	$ 13,050,000	$ 5,550,000	$ 5,550,000
To the 37 cities in Greater Minnesota	$ 4,500,000	$ 4,500,000	$ 2,000,000	$ 2,000,000
To the 7 eligible Tribal Nations	$ 2,700,000	$ 2,700,000	$ 1,200,000	$ 1,200,000
To Minnesota Housing for the Tier II Cities Grants program	$ 2,250,000	$ 2,250,000	$ 1,250,000	$ 1,250,000

SAHA Appropriations	Fiscal Year Ending 6/30/24	FYE 6/30/2025	FYE 6/30/2026	FYE 2027 and each year after
TOTAL	$ 22,500,000	$ 22,500,000	$ 10,000,000	$ 10,000,000

How were the funding allocations determined?

Revenue determined allocations based on distribution formulas.

For counties and cities, these formulas consider cost-burdened households and total population. For Tribal Nations, funds are divided equally between eligible Tribes that apply by the deadline.

Will Tier II cities receive a disbursement of SAHA?

Tier II cities will not receive a direct disbursement of SAHA.

However, the Legislature appropriated $4.5 million for Tier II cities. Funds will be available as grants in the competitive process for a range of rental, homeownership and housing stability activities with a minimum award size of $25,000.

Minnesota Housing will be preparing a program guide, a list of eligible Tier II cities and a request for proposals (RFP) in 2024.

Qualifying Projects and Expenses

What portion of the housing aid funds can be used for staffing costs and administrative costs?

Administrative costs and staffing costs are not listed as a qualifying project. Therefore, the funds are not able to be used for these costs.

If funds are used for Emergency Rental Assistance (ERA), what portion can be used for navigation, services and administration related to ERA provision and programs?

Minnesota Housing is seeking clarification on how funds for ERA can be used.

If aid funds are used for demolition or removal of existing structures, does affordable housing need to be constructed on the site?

Yes. The expense must be tied to affordable housing for eligible households. Demolition or clearing of land alone, including for speculative or future development of eligible housing, is not a qualifying project.

Can funds be used for planning activities (soft costs) for new construction and preservation affordable housing projects?

Soft costs are only eligible as part of a qualifying project. General or speculative planning activities unrelated to a qualifying project are not an allowed use of funds.

Can funds be used for downpayment assistance for homebuyers?

Qualifying projects include homeownership projects for income-eligible households.

Downpayment assistance may be provided as permanent financing or gap financing, depending on program requirements established by the aid recipient.

Can the housing aid funds immediately be deposited into a Local Housing Trust Fund?

Funds can be held in a local housing trust fund while recipients determine if a project qualifies.

Funds must be spent on a qualifying project by the deadline in statute. Funds remaining in a local housing trust fund past the deadline will only be considered "spent" on a qualifying project if the aid recipient demonstrates that it could not spend funds by the deadline due to factors outside their control.

Can funds be transferred to a county or regional Housing and Redevelopment Authority (HRA) if they are spent on qualifying projects?

Yes. Funds can be transferred to a county or regional HRA if they are spent on qualifying projects.

The original aid recipient is still responsible for all requirements related to the funds, including reporting.

Can funds be used for developing new infrastructure, such as utilities and roads, or upgrading existing infrastructure if the infrastructure serves affordable housing?

Potentially. The infrastructure would need to be part of a qualifying project. All requirements related to project type, income affordability and other accessible requirements would also need to be met. Speculative site and infrastructure development would not be eligible.

Infrastructure development or improvement for sites that include development uses not allowed under this aid program would not be eligible.

What are some examples of expenditures ineligible for housing aid?

Housing aid should be used for projects that create and preserve affordable housing or stabilize the housing of low-income people. This does not include:

- Shelter and other non-permanent housing options for people experiencing homelessness, including operating costs and services
- Conducting a housing or zoning study
- Costs to create a Housing Improvement Area
- Staff and services related to general housing quality and licensure, such as code enforcement
- Staff and administrative costs for operation of an HRA or county or city housing department
- Commercial, industrial or public space development projects
- Projects located outside of Minnesota

If funds are used to support a nonprofit organization, do they need to be tracked to qualifying projects?

Housing aid can be used to provide financial support to a nonprofit affordable housing provider in their mission to provide safe, dignified, affordable and supportive housing.

If aid is used in this manner, providing support to the eligible nonprofit is the qualifying project. The aid recipient should document that the funds were used to support the organization's mission.

Can a county or city use other state or federal funding as part of a development financing package that includes housing aid funds?

Yes. State and federal funding can be used as a part of the project's development financing package.

If the funds are held in a Local Housing Trust Fund, can they be used as a match in Minnesota Housing's Local Housing Trust Funds Matching Grants program?

No. Housing aid cannot be used as matching funds in the Local Housing Trust Fund Grants program. Only new public revenue, defined as local income committed to the Local Housing Trust Fund on or after June 29, 2021, can be used as matching funds.

Can a county use its funds within cities that have also received housing aid?

Yes. Counties can spend the funds on qualifying projects anywhere in the county, including cities that directly receive aid. Regional collaboration is encouraged to maximize the aid's impact.

A county receiving aid should consult with the cities where projects are planned (see subd. 7).

Will the aid funds trigger other state funding requirements, such as prevailing wage?

For questions on labor and wage requirements, contact the Department of Labor and Industry.

For questions on fund allocation, visit Local Affordable Housing Aid and Statewide Affordable Housing Aid.

Request for Action

To
Housing and Redevelopment Authority

Item Number
6.4

Meeting Date
May 6, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Furniture Placement at 724 Main Street

Reviewed by:
Cal Portner

Action Requested
Approve, by motion, placement of outdoor furniture at 724 Main Street by Furniture and Things (FT), Plants and Things (PT), and the Downtown Business Association (DERBA) for public use during the 2024 summer season, conditional on a written memorandum or agreement between the HRA, PT, FT and DERBA in a form approved by the city attorney.

Background/Discussion
Staff has received multiple inquiries to add amenities to the turf space at 724 Main Street. Through DERBA, PT and FT have offered to place furniture on the site in 2024 for the public to utilize. The proposal calls for two standard picnic tables, two Adirondack sets, a hexagon table, and an oversize chair as an attraction to be generously placed at no cost to the City or HRA. In this arrangement, this proposal reduces HRA liability and places responsibility with DERBA, PT, and FT for successful implementation in 2024. We would also like to expressly state appreciation at the meeting for the generosity offered by DERBA, PT, and FT in this initiative.

Financial Impact
As costs are being borne by partners of the HRA, any associated costs of the HRA would be incidental and expected to be less than $500.

Mission/Policy/Goal
Work with citizens to achieve goals.

Attachments
1. Large Chair Attraction

RPM

Wide Format • Yard Signs • Banners • Posters

PROOF

Date: April 22, 2024

Prepared for: Elk River

Product Specs: Chair

Quantity: 1

Proof must be approved before it will be sent into production.

Request for Action

To
Housing and Redevelopment Authority

Item Number
6.5

Meeting Date
May 6, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
General Updates

Reviewed by:
Cal Portner

Action Requested
Recieve information

Background/Discussion
Item presented for information and discussion purposes.

Financial Impact
This item is an opportunity to discuss relevant topics and other non-action items of the board.

Mission/Policy/Goal
The HRA supports and facilitates housing and redevelopment activities in Elk River.

Attachments
None