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

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

1. CALL MEETING TO ORDER
   Pursuant to due call and notice thereof, the meeting was called to order at 5:30 p.m.

2. PLEDGE OF ALLEGIANCE
   The Pledge of Allegiance was recited.

3. CONSIDER AGENDA
   Moved by Commissioner Wagner and seconded by Commissioner Beaudry to approve the July 1, 2024, HRA agenda. Motion Carried 5-0.

4. CONSENT AGENDA
   Moved by Commissioner Ovall and seconded by Commissioner Caswell to approve the following consent items as outlined in their respective staff reports. Motion Carried 5-0.

   4.1 HRA Minutes - June 3, 2024

   4.2 Check Register

   4.3 Balance Sheet

   4.4 Revenue/Expenditure Reports

5. OPEN FORUM
   No one appeared for Open Forum.

6. GENERAL BUSINESS

6.1 Housing Rehabilitation Loan Program Update

Mr. Mollan presented the staff report. He stated that based on the June worksession discussion, staff is not looking to make any changes to the program policy at this time.

Commissioner Beaudry asked about the loan that was being paid ahead and wondered if there was still a minimum payment due each month.

Mr. Mollan stated CEE's reporting shows the loan is current.

Commissioner Ovall asked that staff follow up with CEE to review the loan documents to see if there is a pay ahead provision.

6.2 Amendment to Purchase Agreement for Main and Gates

Mr. O'Neil presented the staff report. He stated the buyer, Ron Tuchette, requested changes to the Third Amendment to the Purchase and Sale Agreement as proposed in the packet, and distributed a modified Third Amendment submitted by Mr. Touchette for review by the HRA. He stated Mr. Touchette was present to explain the need for an additional amendment since the second amendment was passed last month by the HRA. He displayed the most current proposed site plan.

Ron Touchette updated the HRA regarding the Main and Gates site, explaining the site plan changes which include a 6,000 square foot standalone building and allowing a second 6,000 square foot standalone building in the future on the other corner, with the possibility of a 2600 square foot building at 326 Gates. He noted this was the original design and has submitted setback variance requests to the city to allow the building to sit closer to the street, noting the reduced setbacks will support the development of the property by allowing it to fit the required structure, parking, and stormwater improvements on the lot, as well as upgrading the corridor to a more inviting urban streetscape.

Commissioner Beaudry asked about the previous proposed building size and why the plans had been changed.

Mr. Touchette stated the original proposal was for a 12,000 square foot building, but they ran into water issues over the entire site, along with the potential to affect the existing home near the project site. By changing the site plans, this allows for future phased construction of additional buildings on the entire parcel.

Commissioner Wagner asked about snow removal concerns with the building located so close to the road.

Mr. Touchette stated he didn't anticipate that, as this didn't occur on the opposite side of the street. The sidewalk would be constructed similarly at the curb line and have the same setbacks. He stated this layout also allows for a rain garden near the rear of the property, which will maximize the use of the property.

Chair Chuba asked if ingress/egress will be off Main Street.

Mr. Touchette stated it would be.

Commissioner Beaudry asked if this proposed building is economical.

Mr. Touchette stated it is because of the user. He felt once the bottleneck of Highway 169 is alleviated, the desirability of this area of Elk River will continue to grow.

Commissioner Caswell noted there were 4 driveways removed from the stretch of road.

Chair Chuba felt the traffic would be a little more accelerated due to the change in use.

Mr. Touchette indicated there were no plans to change the intersection of Main and Gates that he was aware of, and noted once Highway 169 was finalized, this area would again have plenty of capacity to support the proposed use.

Mr. O'Neil commented that the proposed amendment allows for an anticipated construction date of as early as September and as late as October.

Mr. Touchette stated they would need to get the groundwork completed before winter.

Commissioner Ovall asked if this amendment would allow for closing to occur sooner.

Mr. Touchette indicated it would depend upon city variance approvals and permits. He stated he discussed permits with staff, and it was favorable to allow for him to receive permits to allow for construction before winter. He stated the architect is three weeks away from the permit set and environmentals were completed today.

Mr. O'Neil stated the city did do geotechnical review but not environmental review. Mr. Touchette stated they will complete 4 additional boring for the foundations and doesn't anticipate any foundational problems.

Mr. O'Neil stated that in addition to the amendments included in the packet, Mr. Touchette requested a few additional items. Paragraph 8.2 links the earnest money to the due diligence period rather than an earlier period for title commitment. This will memorialize the earnest money in sync with the termination of the expiration of the due diligence period. Paragraph 11 - addresses an inaccurate sentence by deleting reference to the buyer as an individual. Paragraph 15 - Mr. Touchette would intend to assign the he rights of the agreement to Medical on Main LLC. He would recommend approval of this amendment, and it was reviewed by city legal staff.

Chair Chuba stated he could see why he would want it extended due to the variance application.

Commissioner Beaudry asked if additional earnest money should be requested as in most commercial deals, it's common for nonrefundable earnest money to be requested due to the property being tied up that much longer.

Mr. Touchette indicated that is common in commercial property, but not if you are trying to make a project economically feasible. He noted the challenges that are working against these parcels and can't do what they really want to do. He stated he would lose this user if this isn't completed now, as no one has time on their side. He stated he has invested a lot of time, energy, and money in these properties since 2022 and isn't willing to let that go.

Commissioner Ovall stated he heard Commissioner Beaudry's thoughts and has empathy for the challenges being faced by the developer. He stated the commission was aware of these challenges and having Mr. Touchette take on the project at the price knowing these challenges allows for him to be supportive of this request.

Mr. Touchette indicated he also wants to respect the homeowner who is currently residing on the remaining parcel.

Commissioner Beaudry understood the situation.

Moved by Commissioner Ovall and seconded by Councilmember Wagner to approve Amendment Three to the Purchase and Sale Agreement for the Main and Gates Properties that was distributed during the HRA meeting. Motion Carried 5-0.

6.3 General Updates

Mr. O'Neil stated the downtown furniture was finalized and placed in the greenspace at the former Elk River Meats site.

Mr. O'Neil stated he heard reference to the synergy between senior housing and workforce housing at a recent EDA conference, and how both are important drivers in the community's economy. He explained the speaker stated when there is good senior housing available in your community, it actually allows for better turnover in workforce housing.

Mr. Mollan shared his tidbit from the conference with a quote: Today's great work is tomorrow's baseline. He stated he heard it in reference to a New Richmond, Wisconsin library being built together with mixed use, housing, and office space. Mr. Mollan stated he will have at least two bids for next month's meeting for the HRA to consider regarding the downtown flower baskets contract.

Mr. O'Neil asked the HRA to keep in mind for a potential future meeting topic for the property located at 555 Railroad Drive. He stated it may be for sale for a partnership opportunity for either an HRA or EDA.

7. MOTION TO ADJOURN REGULAR MEETING

Moved by Commissioner Caswell and seconded by Commissioner Wagner to adjourn the regular meeting at 6:04 p.m. and go into work session. Motion Carried 5-0.

8. WORK SESSION – UPPER TOWN CONFERENCE ROOM

Chair Chuba opened the work session at 6:09 p.m.

8.1 Redevelopment of 19116 Troy Street NW

Mr. O'Neil presented the staff report and introduced city attorney Jack Brooksbank, who specialized in eminent domain law, and was present to provide answers and guidance on the opportunity presented to the HRA regarding 19116 Troy Street NW. The discussion continued from last month's work session and Mr. O'Neil indicated the property appraisal came in at $75,000 based upon the condition of the property and area comps. He distributed a comparables and investment worksheet to the commission outlining recent property sales similar to this and the potential acquisition costs should the HRA decide to proceed with the acquisition. He asked a question to Mr. Brooksbank if any of these fees and taxes are deductible from the appraised value in a condemnation process.

Mr. Brooksbank explained those fees wouldn't be deductible.

Commissioner Ovall, who missed the previous month's discussion, asked for information about the property, which Mr. O'Neil and Mr. Brooksbank provided.

Mr. Brooksbank explained the condemnation process, which is the route he advises the city to take, as there is no seller to work with and the property would sit four to five years while the city waits for it to go tax forfeiture. The appraised price of $75,000 when purchased gets deposited into an account with the district court and held until it gets turned over to the state's unclaimed property. In the future, if someone came forward and stated they could have owned the property before the condemnation process, they would then be entitled to those funds.

Mr. O'Neil commented that state affordability fund dollars have a potential to be used but must be tied to affordability and have a plan in place for intent on affordability requirements.

The HRA discussed the benefits to the city by obtaining the property and reselling it. They discussed the benefits for the value of the neighborhood; some neighbors have complained to the city about the condition of the property and code enforcement have fielded those. The length of time the property will sit in its current condition could be upwards of 7 years. The HRA discussed funding opportunities, incentives to buyers, a special HRA loan, and if Sherburne County would be interested in this project from a tax perspective or funding source. The HRA discussed setting a precedence, but the situation was unique.

Mr. Brookbanks explained to the commission they could leave the home, they could demolish the home and assess the costs, or they could buy the property and resell it. He stated one potential decision the HRA could make tonight would be to proceed with eminent domain, which is the first step in a 60-day negotiation period. Posting the city's purchase request on the front door of the property along with a copy of the appraisal allows anyone living there to respond to the request; if no one responds, then it allows for clarification that no one is making a claim of ownership. This first step does not commit the city to any part of a negotiation or purchase.

After discussion, it was the consensus of the HRA to proceed with the eminent domain process and directed Mr. Brookbanks to post the necessary paperwork on the door of 19116 Troy Street to begin the negotiation process. This item will be discussed at next month's HRA meeting.

9. MOTION TO ADJOURN WORKSESSION

Moved by Commissioner Beaudry and seconded by Commissioner Caswell to adjourn the meeting at 6:32 p.m. Motion Carried 5-0.

Minutes prepared by Jennifer Green.

Denny Chuba, Chair

Tina Allard, City Clerk