

**EDA Members:**

Dan Roe,  
President  
Lisa Laliberte,  
Vice President  
Wayne Groff,  
Treasurer  
Robert Willmus  
Jason Etten



**Economic Development  
Authority  
Meeting Agenda  
Monday, July 15, 2019  
6:00pm  
City Council Chambers**

**Address:**  
2660 Civic Center Dr.  
Roseville, MN 55113

**Phone:**  
651-792-7000

**Website:**  
[www.growroseville.com](http://www.growroseville.com)

1. 6:00 P.M. Roll Call  
Voting & Seating Order: Willmus, Laliberte, Groff, Etten, and Roe
2. Pledge Of Allegiance
3. Approve Agenda
4. 6:01 P.M. Public Comment
5. Business Items (Action Items)
  - 5.A. 6:03 PM Consider Request For Tax Increment Assistance By Dominion For Redevelopment Of 1705, 1717, 1743, And 1755 County Road C, Known As The Boater's Outlet Property  
  
Documents:  
  
[5A REPORT AND ATTACHMENTS.PDF](#)
  - 5.B. 6:30 PM Review Proposed 2020 EDA Preliminary Budget And Tax Levy  
  
Documents:  
  
[5B REPORT AND ATTACHMENTS.PDF](#)
  - 5.C. 6:45 PM Authorize The Single Family Rehab Revolving Loan Program Maintenance To Be Moved To CEE  
  
Documents:  
  
[5C REPORT AND ATTACHMENTS.PDF](#)
6. 7:00 P.M. Adjourn To City Council Meeting



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 7/15/2019

Item No.: 5.a

Department Approval

Executive Director Approval

*Janice Gundlach*

*Patricia Trueman*

Item Description: Consider Request for Financial Assistance for Redevelopment of 1705, 1717, 1743, and 1755 County Road C for Affordable Senior and Family Housing

## BACKGROUND

The properties addressed 1705, 1717, 1743, and 1755 County Road C are located in the Twin Lakes Redevelopment Area and are currently used for temporary storage, including maintenance/repair of buses and other miscellaneous industrial-like businesses. Boaters Outlet was originally in one of the buildings, but vacated the property approximately one year ago. Dominion and Launch Properties are proposing to redevelop these blighted properties into 224 units of family affordable housing, 252 units of senior affordable housing and 56,200 SF of retail and office space (see Attachment A site plan). The number of units of housing and square footage of retail space may change slightly based upon the final design plans and project underwriting. All housing units will be restricted to paying rents that equate to 60% of Area Median Income as follows (unit breakdown is tentative at this time):

### Family Development

Units	Number of Units	Square Footage		Estimated Initial
		Per Unit	Rents Per Unit	
1 BR /1 BA	39	723	\$1,047	
2 BR /2 BA	113	1,050	\$1,255	
3 BR / 2 BA	72	1,319	\$1,447	

### Senior Development

Units	Number of Units	Square Footage		Estimated Initial
		Per Unit	Rents Per Unit	
1 BR /1 BA	102	723	\$1,047	
2 BR /2 BA	96	1,050	\$1,255	
3 BR / 2 BA	54	1,260	\$1,447	

The total redevelopment area is approximately 21 acres, with the multi-family apartments proposed on the northern 13 acres of the site. The draft Site Plan depicts three buildings that range in height of 4-5 stories. The types of amenities proposed across both the family and senior apartments include in-unit laundry, an internal trail system, outdoor pool, outdoor playground (possibly indoor playground too), clubhouse, gyms, a green courtyard space the size of a football field, and a theatre room. The first floor

20 family units will all have individual, direct grade-level access from the outside, which will mimic  
21 townhome-type features.

22  
23 Dominion is the housing developer requesting Tax Increment Financing (TIF) from the REDA. In  
24 addition to TIF assistance, the developer will be requesting support from the City to apply for Housing  
25 Facility Revenue Bonds through the State for 480 units of housing, with such action to be taken at the  
26 subsequent City Council meeting (unless the REDA does not support the requested TIF assistance, at  
27 which point the City Council action would become unnecessary). The application for total number of  
28 units for the bonds differs at this time because of the need to reserve more funds to allow flexibility as  
29 underwriting and final design are done for the buildings. Dominion is submitting an application to the  
30 Minnesota Department of Management and Budget on August 1, 2019, and possibly in January 2020, to  
31 secure adequate bonds for this development. The overall financing that is being proposed for the two  
32 housing developments is as follows:

Financing Type	Senior Housing Units	Percentage	Family Housing Units	Percentage
Equity (Sale of Tax Credits)	\$17,957,406	27%	\$17,024,998	27%
Bank Financing	\$37,752,559	56%	\$35,870,000	57%
TIF (City of Roseville)	\$3,990,000	6%	\$3,460,000	5%
Other government loans/grants	\$500,000	1%	\$500,000	1%
Deferred Developer Fee	\$5,687,513	8%	\$5,460,457	9%
Deferred Contractor Fee	\$1,277,092	2%	\$1,147,824	2%
<b>Total Development Costs</b>	<b>\$67,164,570</b>		<b>\$63,463,279</b>	

35  
36 The request for TIF will help leverage other, more substantial funds that are needed in order to  
37 accomplish the total redevelopment costs currently estimated \$130,627,849 for the housing portion of  
38 the concept plan. There is no financial assistance being requested for the retail and office space.

#### 39 **TWIN LAKES II DISTRICT**

40 This site is adjacent to the Reuter Walton development (2720 Fairview Avenue) the REDA provided  
41 support for on May 13, 2019. At that meeting, the REDA expressed a desire to review the overall  
42 improvements that run along the eastern, north/south property line as it relates to green space and  
43 creation of an amenity (Attachment B). City staff and the Rice Creek Watershed District have been  
44 working together to improve the ditch and make it an amenity for the Twin Lakes II District since the  
45 two redevelopment sites are adjacent to one another. Rice Creek identified the need to pipe the ditch in  
46 the next 5-10 years for better water flow, however, in light of this redevelopment proposal they are  
47 working on advancing the ditch improvement to coincide with this project's timelines. Piping of the  
48 ditch will likely remove all of the natural vegetation and any opportunity for an amenity feature. City  
49 staff are exploring plans that would address revegetating the area that would be affected by the piping of  
50 the ditch—replanting the area and providing a trail connection from County Road C to Oasis Park, and  
51 north/south and east/west connections. Currently, there are no funds to address this improvement other  
52 than requiring the developer to pay for it. Since there is no park dedication fee required based upon the  
53 subdivision the developer would seek, staff finds it reasonable to include this as a project cost should  
54 the REDA find it to be an important amenity for the Twin Lakes II District. Staff is seeking feedback  
55 from the REDA on the importance of developing this connection through a ditch enhancement project.  
56

57 If so, staff will work with the developers to develop an overall design that benefits the neighborhood.  
58 In providing that feedback to staff, note the completed underwriting includes an estimated project costs  
59 of \$1.8 million attributed to this part of the amenity (trail and landscaping) and is reflected in the overall  
60 TIF assistance amount of \$7.45 million, which is estimated to be paid over a 18-year period  
61 (Attachment D). However, if the overall budgeted costs are less than the amount of assistance, the  
62 years of TIF will be reduced accordingly.

63

64 **HOUSING NEEDS ASSESSMENT IMPACT**

65 This development addresses four needs in the Comprehensive Housing Needs Assessment, which was  
66 completed by Maxfield Research in October 2018, identified on pages 150-151 of Recommendations  
67 and Conclusions from the report (Attachment C). Those are as follows:

68

- 69 1. Encourage and support the development of an active adult age-restricted rental community,  
70 either affordable (60% AMI or market rate).
- 71 2. Encourage and support the development of an affordable rental townhome community (60% or  
72 less of AMI) for families (two- and three-bedroom units).
- 73 3. Identify features and amenities that may be added to neighborhoods that would improve and  
74 promote enhanced livability. These amenities may be supported by City funding but may  
75 benefit adjacent property owners and residents.
- 76 4. Prioritize mixed-use redevelopment sites. Consider how market-driven building and  
77 development patterns may best suit sites that are targeted for redevelopment. Monitor the  
78 potential availability of properties that could be acquired and land banked for future  
79 redevelopment.

80

81 **REQUEST FOR ASSISTANCE**

82 Ehlers, the REDA public finance advisor, has reviewed the public finance request and has deemed the  
83 request for public subsidy meets the “but-for” test and substantially meets the REDA policy objectives  
84 for TIF (attachment D). Staff was directed by the REDA on June 17, 2019 to include this area in the  
85 Redevelopment TIF district #22 (also being referred to as Twin Lakes II) that is being created for the  
86 Reuter Walton development located at 2720 Fairview Avenue.

87

88 **STAFF RECOMMENDATION**

89 Staff requests the REDA provide direction on whether the REDA would like staff to explore a public  
90 improvement that would enhance and provide community connections along the ditch in conjunction  
91 with the Rice Creek Watershed District’s piping project.

92

93 In addition, staff recommends adoption of a resolution expressing support for financial assistance in  
94 connection with redevelopment of the properties addressed 1705, 1717, 1745, and 1755 County Road C  
95 by creating a Redevelopment Tax Increment Financing District for Dominion based upon the  
96 following:

- 97 • The proposed project adds 224 units of affordable multi-family housing and 252 units of active  
98 adult age-restricted housing, which is identified as a need in the 2018 Housing Needs  
99 Assessment,
- 100 • Review of the project’s sources and uses reveals a gap in funding, passing the “but-for” test,
- 101 • The project meets five (5) of seven (7) of the City’s objectives, and five (5) of twelve (12) of the  
102 City’s desired qualifications as outlined in the City’s Public Assistance Policy,
- 103 • The project would remediate an environmentally-blighted property, and

- 104 • The project is located in Twin Lakes, which has been identified as a priority redevelopment area  
105 in the City's Policy Priority Plan.  
106  
107

108 **REQUESTED REDA ACTION**

109 Staff is seeking the following from the REDA:  
110

- 111 1. Provide direction to staff on whether the REDA would like to incorporate a public improvement  
112 into the project area that would enhance and provide community connections along the ditch in  
113 conjunction with the Rice Creek Watershed District's piping project.  
114  
115 2. Motion to adopt a resolution expressing support for redevelopment tax increment financing  
116 assistance requested in connection with the proposed multifamily housing development on  
117 portions of parcel ID Nos. 042923430005, 042923430013, and 042923430014 at County Road  
118 C (attachment E).  
119

120 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

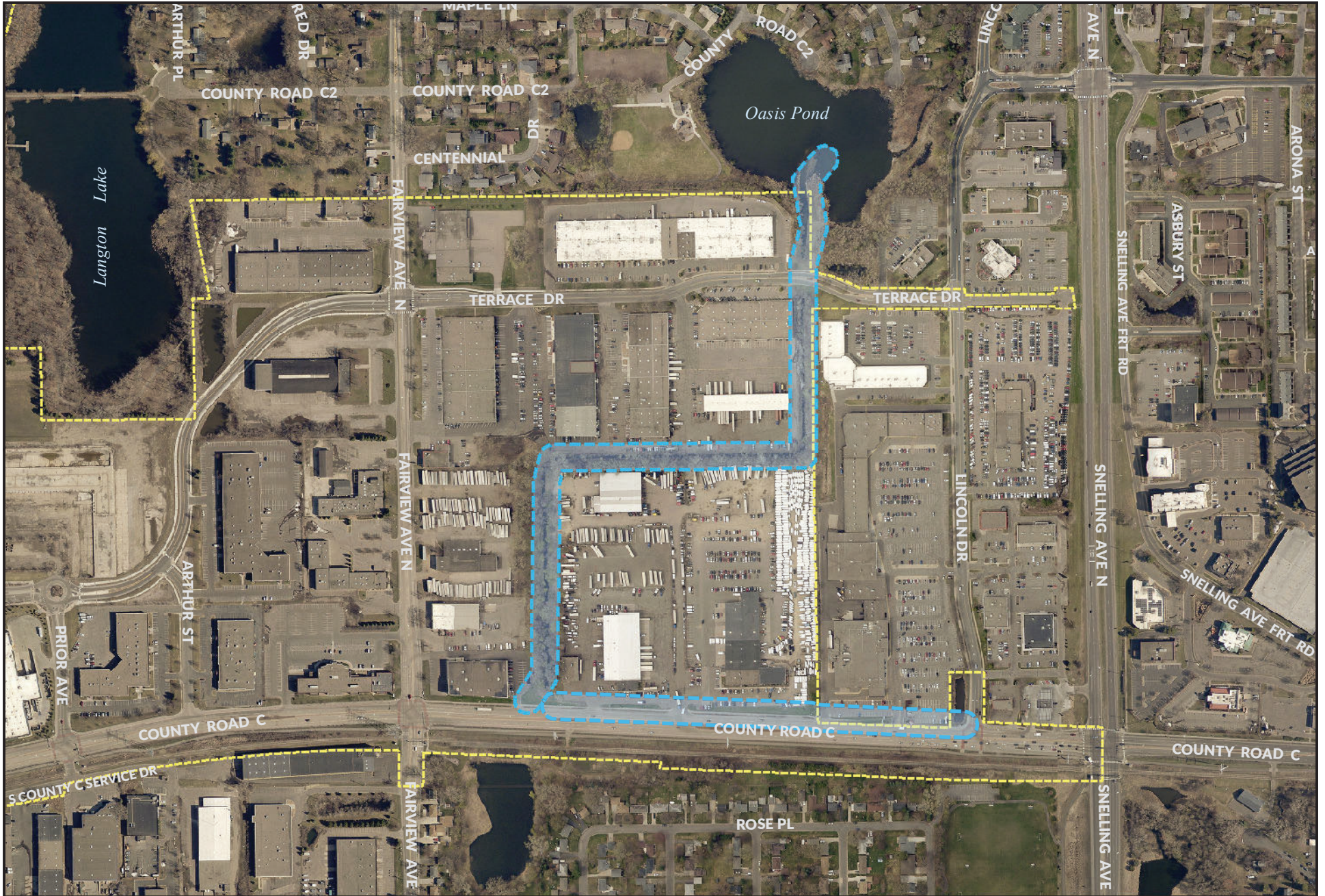
Attachment A: Concept site plan  
B: Ditch location  
C: Recommendations and Conclusions from Maxfield Research Comprehensive Housing Needs Assessment  
D: Summary of underwriting from Ehlers  
E: Resolution of support  
F: PowerPoint presentation



RESIDENTIAL		
<b>UNIT MATRIX</b>		
<b>FAMILY BUILDINGS</b>		
1 BEDROOM	39	17%
2 BEDROOM	113	50%
3 BEDROOM	72	32%
<b>TOTAL FAMILY UNITS</b>	<b>224</b>	
SURFACE PARKING	202	
GARAGE PARKING	182	
<b>TOTAL FAMILY PARKING</b>	<b>384</b>	1.71
<b>SENIOR BUILDING</b>		
1 BEDROOM	102	40%
2 BEDROOM	96	38%
3 BEDROOM	54	21%
<b>TOTAL SENIOR UNITS</b>	<b>252</b>	
SURFACE PARKING	121	
GARAGE PARKING	152	
<b>TOTAL SENIOR PARKING</b>	<b>273</b>	1.08
<b>TOTAL UNITS</b>		
FAMILY	224	
SENIOR	252	
<b>TOTAL</b>	<b>476</b>	
<b>TOTAL PARKING</b>		
FAMILY	384	
SENIOR	273	
<b>TOTAL</b>	<b>657</b>	
<b>TOTAL BEDROOMS</b>		
	937	
<b>STALLS PER BEDROOM</b>		
	0.70	
<b>STALLS PER UNIT (OVERALL)</b>		
	1.38	
<b>BUILDING DATA</b>		
<b>FAMILY BUILDINGS UNIT AREA</b>		
1 BED - 723 S.F.		
2 BED TYP. - 1,049 S.F.		
2 BED STAIR/ELEV. WRAP - 1,108 S.F.		
3 BED TYP. - 1,319 S.F.		
3 BED CORNER - 1,390 S.F.		
3 BED END - 1,398 S.F.		
<b>FAMILY COMMON AMENITY AREA 4,691 S.F.</b>		
<b>SENIOR BUILDING UNIT AREA</b>		
1 BED - 723 S.F.		
2 BED TYP. - 1,049 S.F.		
2 BED STAIR/ELEV. WRAP - 1,108 S.F.		
3 BED TYP. - 1,319 S.F.		
3 BED CORNER - 1,390 S.F.		
3 BED END - 1,398 S.F.		
<b>SENIOR COMMON AMENITY AREA 8,200 S.F.</b>		

COMMERCIAL			
LOT A - BANK	3,900 SF	20 STALLS / 5.13 RATIO	20
LOT B - RETAIL/REST.	5,000 SF	30 STALLS / 6.00 RATIO	49
-RETAIL	2,500 SF		8
-RESTAURANT	2,500 SF		41
LOT C - RETAIL/REST.	5,000 SF	29 STALLS / 5.80 RATIO	49
-RETAIL	2,500 SF		8
-RESTAURANT	2,500 SF		41
LOT D - RETAIL	5,000 SF	33 STALLS / 6.60 RATIO	15
LOT E - RETAIL	4,500 SF	23 STALLS / 5.11 RATIO	15
LOT F - RETAIL/REST.	5,000 SF	25 STALLS / 5.00 RATIO	49
-RETAIL	2,500 SF		8
-RESTAURANT	2,500 SF		41
LOT G - DENTAL/REST.	5,000 SF	25 STALLS / 5.00 RATIO	16
-HEALTHCARE	3,500 SF		11
-RESTAURANT	1,500 SF		5
LOT H - GROCERY	22,300 SF	116 STALLS / 5.20 RATIO	165
-RETAIL	19,800 SF		62
-FOOD SERVICE	2,500 SF		103
<b>TOTAL</b>	<b>56,200 SF</b>	<b>301 STALLS</b>	<b>378 STALLS</b>





# Twin Lakes Phase II Infrastructure Improvements

## RECOMMENDATIONS AND CONCLUSIONS

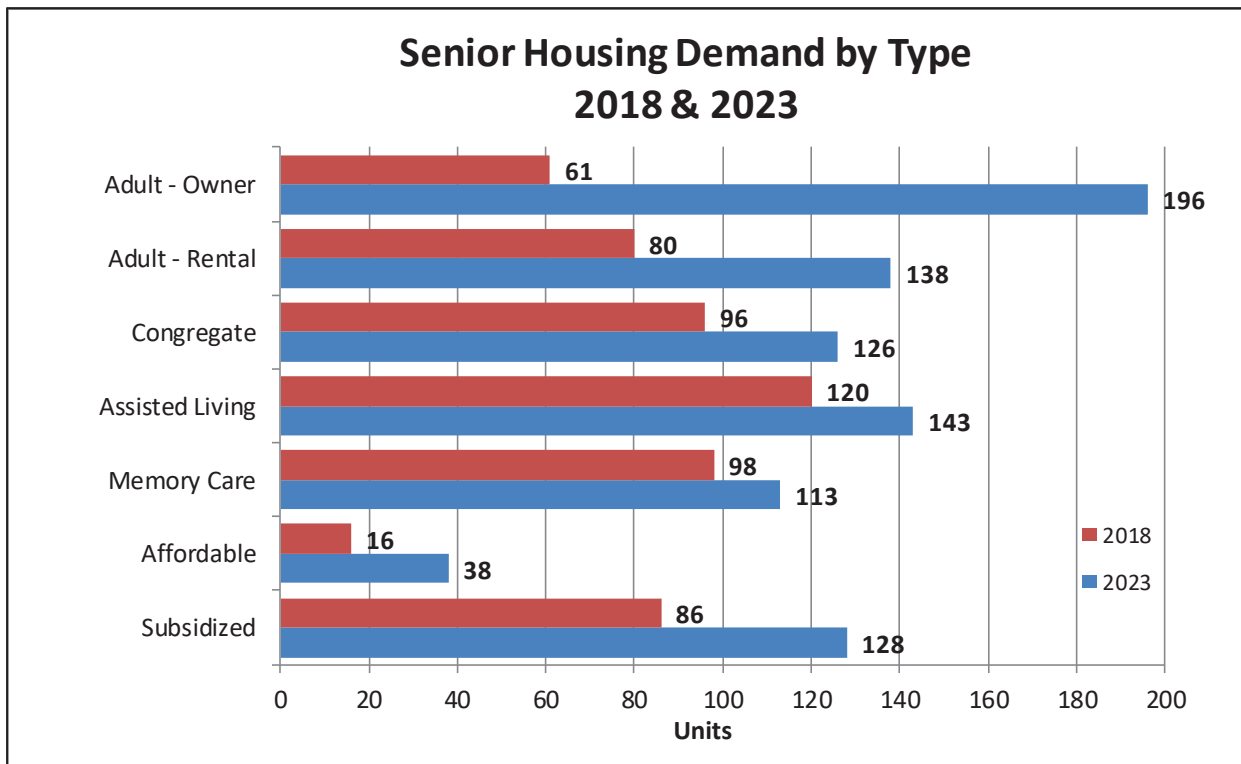
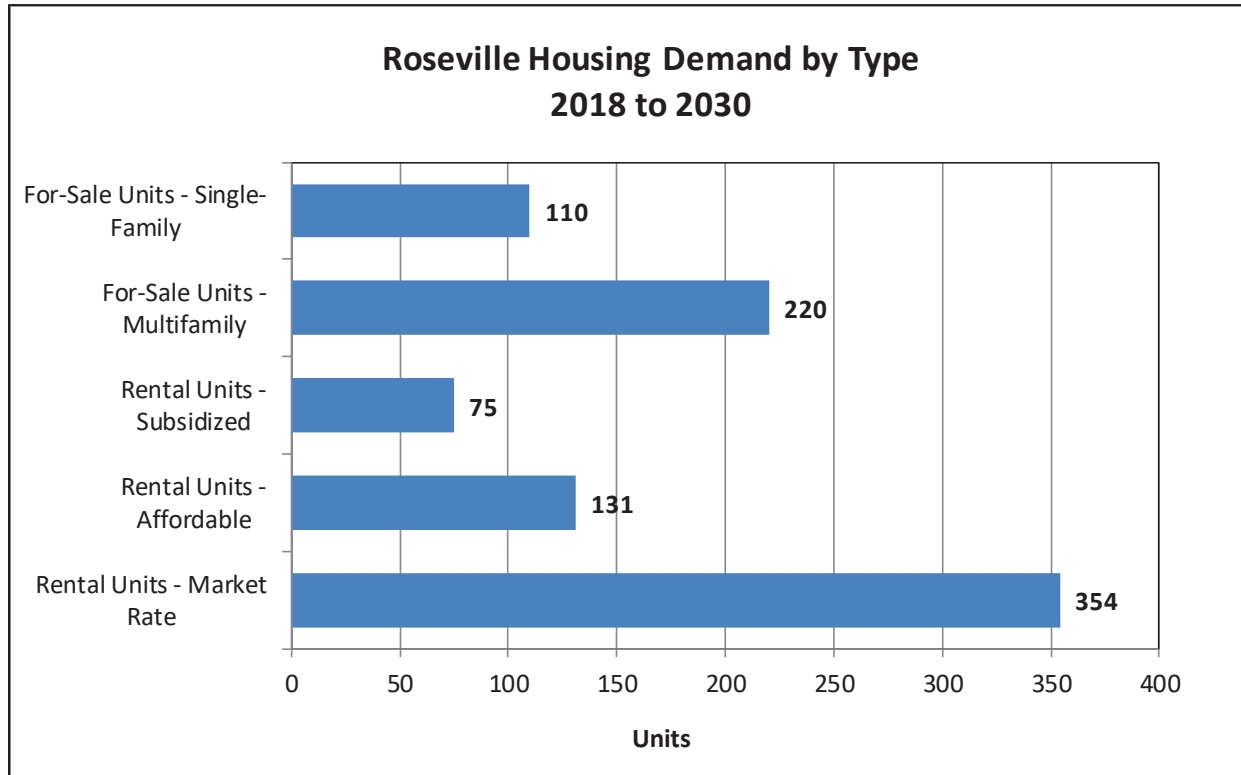
### Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Roseville and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Market Analysis*. The following table and charts illustrate calculated demand by product type. It is important to recognize that housing demand is highly contingent on projected household growth; household growth could be higher with available land for development and increased densities.

<b>TABLE H-1 SUMMARY OF HOUSING DEMAND CITY OF ROSEVILLE October 2018</b>		
<b>Type of Use</b>	<b>2018-2030</b>	
<b><i>General-Occupancy</i></b>		
Rental Units - Market Rate	354	
Rental Units - Affordable	131	
Rental Units - Subsidized	75	
For-Sale Units - Multifamily	220	
For-Sale Units - Single-Family	110	
<b><i>Total General Occupancy Supportable</i></b>	<b>890</b>	
	<b>2018</b>	<b>2023</b>
<b><i>Age-Restricted (Senior)</i></b>		
<b><i>Market Rate</i></b>		
Adult Few Services (Active Adult)	141	334
<i>Ownership</i>	61	196
<i>Rental</i>	80	138
Independent Living (Congregate)	96	126
Assisted Living	120	143
Memory Care	98	113
<b><i>Total Market Rate Senior Supportable</i></b>	<b>455</b>	<b>716</b>
<b><i>Affordable/Subsidized</i></b>		
Active Adult - Subsidized	86	128
Active Adult - Affordable	16	38
<b><i>Total Affordable Senior Supportable</i></b>	<b>102</b>	<b>166</b>
Note: Due to limited land availability, not all of the demand may be able to be developed in Roseville		
Source: Maxfield Research & Consulting, LLC		



**RECOMMENDATIONS AND CONCLUSIONS**



## RECOMMENDATIONS AND CONCLUSIONS

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### Housing Opportunity Sites

A total of 30 sites were identified as opportunity sites in Roseville that could potentially be redeveloped with various housing products. Based on the 2040 Comprehensive Plan, most of these properties could be redeveloped with some type of medium- to -high density housing. A majority are guided to land use that will accommodate office, institutional and retail properties in addition to housing. The map on a following page shows the location of each site.

Given the limited vacant land supply, most new development will occur as a result of redevelopment through clearing of existing buildings. While all sites have strengths and weaknesses related to future development/redevelopment of housing, some sites will be more difficult to redevelop than others. Table H-2 provides a matrix analysis for each opportunity site. Based on the analysis, Maxfield Research suggests housing concepts and estimates development timeframes.

Some of the parcels will require more substantial redevelopment and/or more significant changes to the quality and character of the surrounding area to support new residential. This is reflected in the development timeframes on Table H-2 for each site or grouping of parcels. Acquisition costs, funding and other development dynamics will make some sites more attractive than others for redevelopment.

### Redevelopment Priorities

#### **Market Rate Rental**

In 2013, Maxfield Research recommended the development of new market rate housing as a top priority of the City and that recommendation stands. The Rental Housing Analysis identified that no new market rate general occupancy rental product has been added to the City for more than 25 years. Many first-tier communities in the Twin Cities have experienced development of new market rate rental housing on in-fill and redevelopment sites and these units have absorbed rapidly in the market. Roseville is a highly desirable community with a substantial employment base and convenient central location. Many people would be attracted to new market rate rental housing in the community, particularly on property in the Twin Lakes redevelopment area.

In the 2013 analysis, we identified that the older age of the rental stock had resulted in units that were priced at or less than HUD guidelines for fair market rents. With the significant run-up in rental rates throughout the Twin Cities Metro Area, this is no longer the case. Although rent levels in Roseville may be considered affordable as compared to other areas of the Metro, the rapid increase in rents with limited improvements to rental properties has subsequently decreased the overall value to renters who are now paying substantially higher rents than five years ago for essentially the same features and amenities.

## **RECOMMENDATIONS AND CONCLUSIONS**

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A limited portion of the existing rental stock however, caters to those seeking newer contemporary market rate rental housing and would pay higher rents to have more luxury features and amenities.

While the development of affordable rental housing has not been able to satisfy the significant demand that exists, the development of market rate rental housing throughout the Twin Cities Metro Area has been strong and most of these new units have absorbed rapidly. Substantial and continued employment growth post-recession spurred new rental construction. Initially most of the development was focused on Downtown Minneapolis and Downtown St. Paul. Over the past three years, there has been substantial development in first and second-tier suburban areas where new rental housing has been well-received. Some areas where there have been heavy concentrations of new development are experiencing a slowing of absorption, but new units continue to lease within industry-acceptable periods.

Many first-tier communities with limited land supplies have had challenges making sites available for new development. Where these new market rate properties have been developed however, they have been well-received by renters.

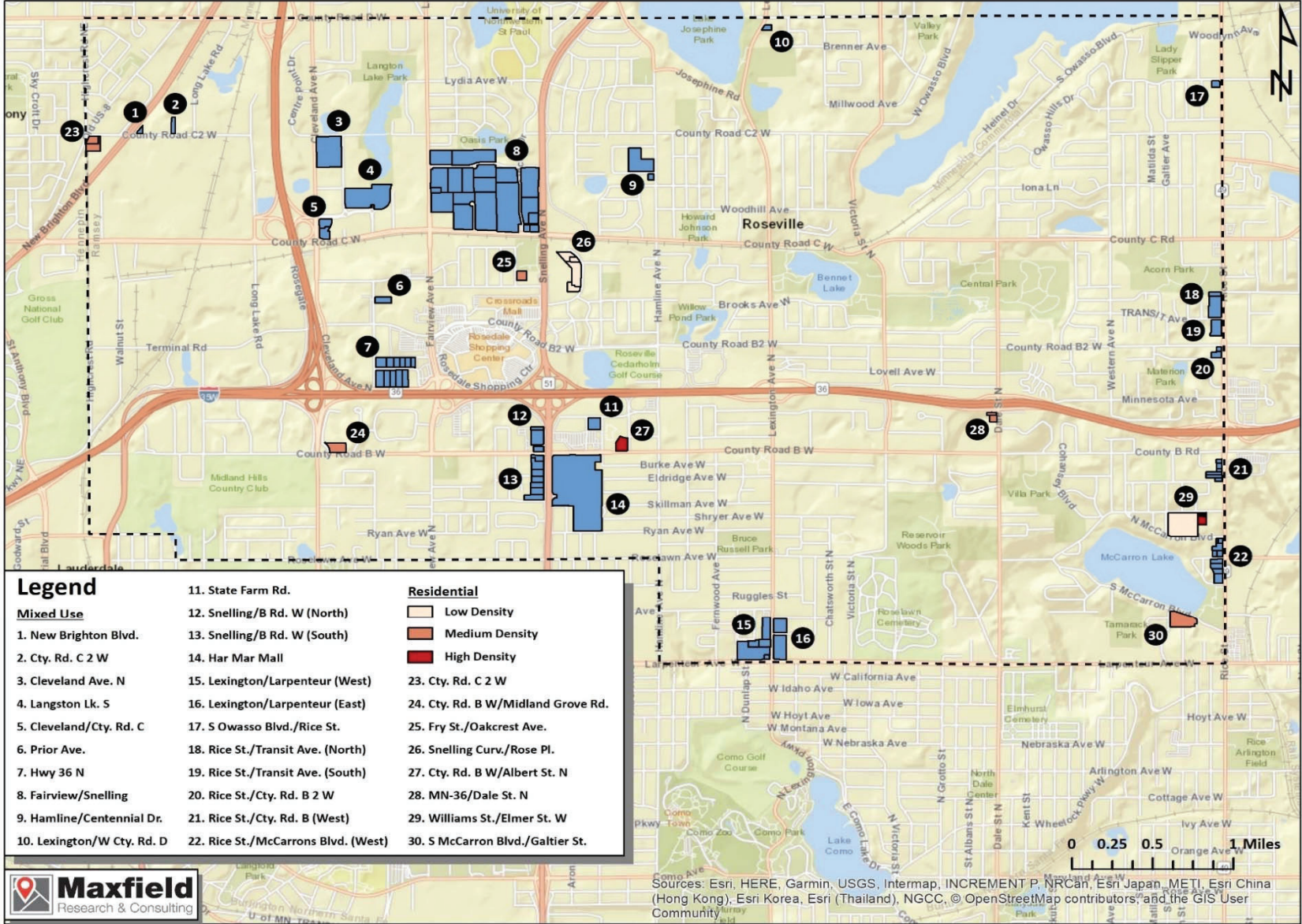
Rental housing development remains at an all-time high across the Twin Cities and numerous projects are under construction or in the development pipeline. As mentioned, most of the early development occurred in Downtown Minneapolis and its Uptown neighborhood. Many suburban communities have now had at least one new market rate rental property developed with some communities having several. New rental properties recently completed or under construction in Downtown Minneapolis are charging average per square foot rents of \$2.50 to \$2.70 per square foot. Suburban properties are charging between \$1.80 to \$2.10 per square foot. A new market rate property in Roseville would fall within the previously mentioned price per square foot range for suburban communities as listed above.

The following map shows individual parcels and clusters of parcels across the City where housing could be developed as part of the current zoning or 2040 Land Use Zoning. The map highlights parcels with mixed use zoning and those with residential zoning (low-, medium and high-density).

Table H-2 presents information on the opportunity sites using the assigned number. Clusters of parcels are discussed as a combined site, although for mixed-use zoning, some of the parcels could be redeveloped separate from others or combined with others. For the largest clusters, housing is likely to be a component of the redevelopment, but not necessarily the largest component. Office and retail uses on some sites may continue to dominate depending on their locations.

RECOMMENDATIONS AND CONCLUSIONS

Roseville Housing Opportunity Sites



RECOMMENDATIONS AND CONCLUSIONS

TABLE H-2  
HOUSING OPPORTUNITY SITES  
CITY OF ROSEVILLE  
October 2018

Map Number	PID Number	Acres	Estimated Market Value Ramsey Co.	Current Zoning	Current Use	Surrounding Uses	Comp Plan Guided Use	Strengths	Weaknesses	Recommended Use	Timing
1	052923210007	0.4		HDR-1	Open vacant land	Aquarius Apartments to the northeast, older SF detached homes to the east on C2, vacant industrial property to the south and single-family homes across Old Highway 8	CDR Mixed Use	High visibility to Old Highway 8	Small size; challenging for mixed use	High-Density Affordable Rental	2023+
2	052923240015	0.9		HDR-1	Open vacant land	Single-family to the west, light industrial business to the east, Aquarius Apartments to the NW, open vacant industrial land to the south (Magellan)	CDR Mixed Use	High visibility to County Rd C2	Small narrow parcel; challenging for mixed use	Affordable rental Townhome product	2019+
3	042923320003	10.1		CMXU	Dorso, storage of truck trailers	Primarily office and office warehouse uses; some hospitality, retail south at Cleveland and Cty Rd C	Community Mixed Use	Convenient access from I-35W, high visibility from Cleveland Avenue	Surrounding land uses somewhat incompatible with housing; high-density multifamily may be appropriate, but location is not walkable	High-Density Market Rate/Affordable Rental	2025+
4	042923340036	12.3		CMXU-2	Open vacant land	Commercial retail/hospitality uses to the west; NE of Walmart	Community Mixed Use	Adjacent to WalMart; gateway to Twin Lakes redevelopment	Large parcel; convenient to retail goods and services within walking distance, adjacent mix of uses has medium to low compatibility with residential	High-Density Market Rate/Affordable Rental	2019+
5	092923240016	1.3		Regional Business	Open - Used as Surface Parking Lot	Office/Warehouse, commercial service and light industrial businesses; heavily commercial in nature	Core MX Use	Convenient to services at Rosedale Center and surrounding area	No residential orientation; surrounded by commercial and business uses	No Hsg Recommendation Commercial	
CONTINUED											

RECOMMENDATIONS AND CONCLUSIONS

TABLE H-2 Continued HOUSING OPPORTUNITY SITES CITY OF ROSEVILLE October 2018											
Map Number	PID Number	Acres	Estimated Market Value Ramsey Co.	Current Zoning	Current Use	Surrounding Uses	Comp Plan Guided Use	Strengths	Weaknesses	Recommended Use	Timing
6	092923240016	1.3		Regional Business	Open - Used as Surface Parking Lot	Office/Warehouse, commercial service and light industrial businesses; heavily commercial in nature	Core MX Use	Convenient to services at Rosedale Center and surrounding area	No residential orientation; surrounded by commercial and business uses	No Recommendation Commercial office/retail use	
7	092923310002 092923310003 092923310004 092923310005 092923310006 092923310008 092923310009 092923310010 092923310011 092923310012 092923310013	12.3		Regional Business	Mix of Uses, primarily service business and restaurants including Good Earth, Red Lobster, Davanni's, Taco Bell, Wendy's, Baker's Square, Applebee's.	Highway 36 to the south, commercial retail and service businesses to the north, east and west	Core MX Use	High visibility from Highway 36; convenient access; easily accessible to goods and services	Predominantly commercial retail environment; not walkable or pedestrian-oriented	No hsg recommendation Commercial or retail use	
8	042923410030; 042923410032; 042923410034; 042923410042; 042923410043; 042923410045; 042923410046; 042923410047; 042923410048; 042923430001; 042923430002; 042923430003; 042923430005; 042923430013; 042923440014; 042923440022; 042923440023; 042923440032; 042923440034;	92.6		Community Business; Community Mixed Use	Rosedale Square North; multiple retail outlets; office and light industrial uses; health care offices	North-SF homes; south light industrial and retail uses; east - commercial retail, office, SF and MF apartments; business and retail uses to the west	Comm MX Use	Excellent visibility; on major highway corridor; convenient access	Mutiple tenants; would require careful planning and a "vision of the entire area; would need to be phased; not currently walkable or highly desirable	Far northside parcels, high-density MF affordable/market rate; if fuller redevelopment, then owned MF THs	Rental 2023+ Medium density THs 2023+
9	032923310025; 032923310027	6.5		NBH Comm.; Community Comm.	Hamline Shopping Center; Superamerica	Presbyterian Homes and Services Corporate Headquarters adjacent; single-family homes surrounding	NBH Business; High-Density Res	Convenient access to goods and services; good visibility to major roadway; potential for walkable environment	Potential expansion of corporate campus by Presbyterian Homes	High-Density MF; Market Rate/Affordable	2025+
10	022923220040	0.6		NBH Business	Small multi-tenant strip center	Commercial uses to the south; SF homes to the east; Shores Sr Apts to the north; SF and park space to the west	NBH MX Use	Highly visible to adjacent roadways; near to lake and park; MF to the north	Small site, may be difficult to achieve economies of scale	High-Density MF; Market Rate/Affordable	2021+

CONTINUED

## RECOMMENDATIONS AND CONCLUSIONS

TABLE H-2 Continued HOUSING OPPORTUNITY SITES CITY OF ROSEVILLE October 2018											
Map Number	PID Number	Acres	Estimated Market Value Ramsey Co.	Current Zoning	Current Use	Surrounding Uses	Comp Plan Guided Use	Strengths	Weaknesses	Recommended Use	Timing
11	102923330002	1.9		Regional Business	Vacant parcel	Target to the west, retail shopping to the south, institutional to the north	Core MX Use	Convenient access to retail goods and services, within walking distance of post-secondary education; access to major highways	limited site size; may require additional height in building to achieve economies of scale	High-Density MF; Market Rate/Aff	2019+
12	092923440002; 092923440242; 092923440246	3.7		Community Business	Office, Community Comm.; Hwy Comm.	Regional retail to the east, strip retail to the south; HD MF to the north; SF and Business uses to the west	CDR MX Use	Excellent visibility; high traffic area; convenient access	Potential for substantial noise w/o buffering	High-Density MF; Market Rate/Aff	2023+
13	022923340024	7.8		Community Business	Retail and Service businesses - Arby's Caribou, McDonalds; KFC; Famous Dave's	Har Mar to the east, retail to the north and south, SF to the west	CDR MX Use	High visibility; excellent access to major roadways; MF in area; potential for walkability	No open space; very dense with commercial uses	High-Density MF; Market Rate/Aff	2025+
14	152923220017	41.7		Community Business	Har Mar Mall	Westwood Village Townhomes and Ramsey Square Condos to the east, single-family homes to the south and west.	Community MX Use	Well-known location; highly visible from major thoroughfares walkable within site	Very large parcel that would require significant planning to develop a mixed use neighborhood	High-Density MF; Market Rate/Aff; Medium Density-Owned THs	2030+
15	152923440009; 152923440055; 152923440068; 152923440069; 152923440070	10.5		Community Business	Apartments, Neighborhood Retail goods and services; small office	SF to the north; retail and SF to the south; NBH commercial to the east	CDR MX Use	Access to goods and services; generally walkable; partial redevelopment could be highly effective	Multiple parcels and owners; difficulty acquiring all parcels	High-Density MF; Market Rate/Aff;	2025+
16	142923330171	6.5		Community Business	Neighborhood retail goods and services	SF to the east and north; commercial to the west; commercial and SF homes to the south	CDR MX Use	Single parcel; convenient access and visibility; potential for walkability	Site may be viewed as too commercial	High-Density MF; Market Rate/Aff; Medium Density-Owned THs	2025+
CONTINUED											

RECOMMENDATIONS AND CONCLUSIONS

TABLE H-2 Continued HOUSING OPPORTUNITY SITES CITY OF ROSEVILLE October 2018											
Map Number	PID Number	Acres	Estimated Market Value Ramsey Co.	Current Zoning	Current Use	Surrounding Uses	Comp Plan Guided Use	Strengths	Weaknesses	Recommended Use	Timing
17	012923140107	0.7		NBH Business	Commercial Retail- Muffler Man	MF Senior Rental; Neighborhood retail goods and services; SF homes to the west and south	NBH MX Use	Excellent visibility to Rice Street; convenient access to retail goods and services	Noise from traffic on Rice Street; small site, may be difficult to achieve economies of scale w/new development	High-Density MF; Market Rate/Affordable	2022+
18	122923140002	3.5		Community Business	Oakwood Square-Office	Commercial use to the south; primarily surrounded by SF homes	CDR MX Use	Primarily commercial corridor; convenient access, high visibility	Not pedestrian-oriented or walkable; small parcel; may be difficult to achieve economies of scale	High-Density MF; Affordable	2023+
19	122923410089	2.2		Community Business	Strip retail center	Commercial use to the east and north; primarily surrounded by SF Homes	CDR MX Use	Convenient access and high visibility; high traffic corridor	Not pedestrian-oriented or walkable; small parcel; may be difficult to achieve economies of scale	High-Density MF; Affordable	2023+
20	122923410058; 122923410059	1.1		Community Business	Office space	Aging commercial corridor interspersed with new retail uses; SF homes adjacent to the commercial	CDR MX Use	Convenient access to Hwy 36 and other major highways; access to retail goods and services	Multiple parcels; single owner?	High-Density MF; Affordable	2023+
21	132923110007; 132923110010; 132923110011; 132923110012; 13292311089; 132923110146	2.5		Community Business	Single-family detached homes	Commercial retail and office uses to the north and south; SF homes to the west; commercial across Rice Street to the east	CDR MX Use	Convenient Access to retail goods and services, high visibility	Multiple parcels and owners; may be difficult to combine; most parcels narrow strips against the corridor	High-Density MF; Affordable	2023+
22	132923140015; 132923140019; 132923140020; 132923140094; 132923410005; 132923410034; 132923410034; 132923410048; 132923410049	5.3		Community Business	Neighborhood Commercial; light industrial; community commercial auto-oriented; apartments	Neighborhood and Community retail and service uses; SF homes surrounding the commercial corridor; near McCarron's Lake	CDR MX Use	High visibility; convenient access	Multiple parcels and owners; may be difficult to combine; most parcels narrow strips against the corridor	High-Density MF; Affordable	2025+
(CONTINUED)											



RECOMMENDATIONS AND CONCLUSIONS

TABLE H-2 (continued) HOUSING OPPORTUNITY SITES CITY OF ROSEVILLE October 2018											
Map Number	PID Number	Acres	Estimated Market Value Ramsey Co.	Current Zoning	Current Use	Surrounding Uses	Comp Plan Guided Use	Strengths	Weaknesses	Recommended Use	Timing
23	052923320001; 05292320002	2.7		Medium Density Residential	Single-Family Homes	Aquarius Apartments to the northeast, older SF detached homes to the east on C2, vacant industrial property to the south and single-family homes across Old Highway 8	Medium Density Residential	Neighborhood Orientation, convenient access to major thoroughfares	small size; limited number of units for economies of scale	Upzone to High-Density or Retain Medium Density; Market Rate/Aff	2023+
24	92923330006	202		Low-Density Residential	Single-Family Home	Midland Grove Condos to the north; SF to the south; SF to the east	Medium Density Residential	Convenient access to major thoroughfares; high visibility from Cty Rd B and from Cleveland Avenue	High-Density may receive push back from neighborhood; location not walkable or pedestrian-oriented	Market Rate MF or Medium Density Owned Townhomes	2020+
25	92923110004	1.2		NBH Business	Vacant Site	Rosewood Park to the north, Sunrise Senior Living to the east and south; SF Homes to the west	Medium Density Residential	Small, private site south of Rosewood Park; limited traffic	Surrounding land use compatible with medium density ownership	Market rate owned townhomes	2020+
26	092923440246; 102923220022; 102923220023; 102923220026; 102923220027	6.2		Medium-Density Residential	Open vacant land	Commercial retail/hospitality uses to the west; NE of Walmart	Low Density Residential	Private secluded area; within walking distance of retail goods and services; convenient to major thoroughfares	Low-density residential may not provide enough economies of scale	Low-Density Detached Villas or MF Owned Twinhomes	2020+
27	102923340006	2.0		High-Density Residential	Vacant Site	Predominantly retail uses; some office; older multifamily	High-Density Residential	High visibility, convenient access; walkable	High traffic area; limited neighborhood orientation	High-Density MF; Market Rate/Aff	2019+
CONTINUED											

RECOMMENDATIONS AND CONCLUSIONS

TABLE H-2 Continued  
HOUSING OPPORTUNITY SITES  
CITY OF ROSEVILLE  
October 2018

Map Number	PID Number	Acres	Estimated Market Value Ramsey Co.	Current Zoning	Current Use	Surrounding Uses	Comp Plan Guided Use	Strengths	Weaknesses	Recommended Use	Timing
28	112923440008; 112923440009	1.0		Institutional	Single-Family	Single-Family homes to the south and west; Highway 36 to the north; single-family and MF to the east	Medium-Density Residential	Convenient access to major thoroughfares; high visibility	Limited residential orientation	Affordable Townhomes or High-Density MF Affordable	2021+
29	132923140014; 132923140020	9.6		Low-Density Residential	National Guard Armory and Small MF Building	SF Homes to the west and south; Millpond Apartments and Galilee Lutheran Church to the east; small older MF to the northeast	Low-Density Residential	Secluded Site; adjacent to other single-family homes	New residential may not "fit" as well with older single-family homes and Millpond Apartments; buyers may be hesitant about resale value	Small lot single-family or medium-density owned townhomes	2023+
30	132923140044	4.6		Medium-Density Residential	Single-Family Home	North-SF homes; south light industrial and retail uses; east - commercial retail, office, SF and MF apartments; business and retail uses to the west	Medium-Density Residential	South of McCarron's Lake; surrounded by single-family homes on larger lots; good location; generally private	Traffic on South McCarron's may not be suitable for low-density	Owned Residential; twinhomes, townhomes	2020+
31	022923320109 032923410049 022923320107 022923320104 022923320111 022923320112 022923320105 022923320113 022923320110 022923320108 022923320103 022923320106 022923320102	4.08 acres		Medium-Density Residential	Vacant Land	North-Parkland; East-SF Homes; West-Apartments/Townhomes; South-SF Homes.	Medium-Density Residential	Near to recreational amenities; parcels are set back from Lexington offering options for increased density in strong neighborhood;	High traffic counts on Lexington may reduce desirability, but should not be significant;	Owned residential; twinhomes, townhomes, villas, small lot, small home single-family	2020+

Sources: City of Roseville; Maxfield Research and Consulting LLC

## RECOMMENDATIONS AND CONCLUSIONS

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### Affordable Rental

As mentioned previously, demand for affordable rental units remains strong throughout the Twin Cities. Roseville's central location, the significant employment base and high retail employment base, make it attractive to moderate-income households. Demand for affordable rental housing was identified at 121 units between 2018 and 2030. Given the current shortage of affordable rental in the Twin Cities Metro Area and households' tendencies to relocate where they can find affordable housing, this figure is likely much higher. Although a substantial amount of the existing rental stock is affordable to households with incomes at or less than 60% of AMI, many of these units are smaller unit types (studio or one-bedroom units), which cannot comfortably accommodate family households. New affordable targeted to larger families (i.e. two- and three-bedroom units) would likely attract existing Roseville residents residing in older market rate properties that would prefer a larger unit and modern amenities. In addition, affordable housing will be attractive to households outside Roseville who want to reside in a community with housing that is close to employment, shopping, and schools.

Aeon's *Sienna Green II* is an example of this housing product absorbed rapidly and has continued to perform well and remain fully-occupied since it opened in 2012.

Affordable rental townhome units (two- and three-bedroom units), although challenging to develop with limited funding have been exceptionally popular in other markets throughout the Twin Cities. Project for Pride in Living is developing an affordable property of this type in Apple Valley and Dakota County CDA has developed several of these communities in Dakota County cities including Lakeville, Apple Valley and Eagan.

### Subsidized Rental

Adding new rental units in Roseville may free up some units in existing older buildings, which would enable households that need affordable housing to lease these units. With record high demand for rental housing in general across the Metro Area, there are fewer landlords willing to accept Housing Choice Vouchers. Virtually no new subsidized housing is being developed in the Twin Cities other than a small number of units usually reserved for household that require supportive living services such as long-term homeless, those with substance abuse, mental health issues, or other physical or mental health needs. The City may want to consider working with key non-profits to develop small numbers of units on sites that offer access to transit, services and employment in proximity to a redevelopment site or a small number of units combined with market rate or affordable housing to fill some of these needs.

### For-Sale Single Family Housing

As a first-tier suburb in the Twin Cities Metropolitan Area, Roseville has a limited amount of vacant land. New single-family homes have and are being developed in small numbers. Single-family development was recently constructed in Wheaton Woods (sold out) and Farrington Estates (one lot remaining).

## RECOMMENDATIONS AND CONCLUSIONS

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Sites #26 and #29 are currently zoned low-density. Site #30 is zoned medium-density, but we believe the characteristics of the property are attractive for single-family homes. Single-family homes could possibly be developed on parcels close to Oasis Park in Site #8, but this would be a long-term plan and would require a redevelopment vision for the entire area.

In addition to single-family detached units, detached villas (association-maintained) and targeted to empty-nesters are becoming increasingly popular. These units are developed on smaller lots and although suburban pricing for these units has generally been at the executive level, there is a strong demand for smaller lots and smaller home sizes at a much lower price point (under \$300,000). Single-level homes with lower levels (walk-out, lookout) or slab on grade could appeal to a broad spectrum of buyers (young, mid-age and older households). Features of the units could be targeted to the segment, but the common denominator is the pricing. Young buyers want to enter the market and older buyers want to cash out of their single-family homes and typically reduce their housing costs.

### For-Sale Multifamily Housing

Based on the availability of land, demographics of the resident base and forecast trends, we find demand for 220 new attached multifamily housing units between 2018 and 2030. Attached units could be developed as townhomes, twin homes, condominiums or a combination of these products, depending on the location and the size of the property. Although condominiums experienced a severe downturn during the housing slowdown and post-recession, new condominium product has been successfully developed in St. Louis Park, Minnetonka, Wayzata and Downtown Minneapolis. More developers are considering development of new condominium product primarily targeted to empty-nesters and the onerous liability placed on contractors, architects and developers has now been limited under new revisions by the State.

Attached housing products remain similar to those that have been developed over time, although it is now rare to see back-to-back townhome product, and the increase in detached villa product has captured some of the demand for twinhomes. Given some price sensitivity among older buyers in Roseville, we recommend focusing on the twinhome product rather than detached villas.

- Side-by-Side Townhomes – This housing product is designed with four or more separate living units and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side, multi-story townhomes with attached tick-under garages have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span.

Households typically choose this housing product for the maintenance-free lifestyle and is lower price point in relation to single-family homes. Price points of resale townhomes have increased substantially and new construction, although below single-family homes usually begins in the high-\$200,000s to low \$300,000s. As this is an ownership product, sites that

## RECOMMENDATIONS AND CONCLUSIONS

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require medium to high densities, that may be isolated, have greater privacy or are narrow or small may be best suited to the development of a small number of townhome units.

- *Twinhomes and One-Level Townhomes* – By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three- or four-unit buildings in a variety of configurations. The swell of support for single-level living has been primarily generated by baby boomers and older adults, which is increasing the demand for low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced housing. Housing products designed to meet the needs of these aging Roseville residents, many of whom want to remain in the City, provided they can find their desired product and price point, is needed now and in the future.

There is a demand for single-level attached product at price points of \$325,000 or less. Although seniors will move to this housing product with substantial equity from their existing single-family homes, the lower resale prices in Roseville have created price sensitivity for products that are priced much higher than \$325,000.

We consider the following opportunity Sites attractive for owned townhome development:

Site #2 – (west of Long Lake Road, north of County Road C2);

Site #25 – (east of Fry Street North and north of Oakcrest Avenue);

Site #26 – (west of Snelling Curve, south of County Road C);

Site #28 – (west of Dale Street and south of Highway 36);

Site #30 – (south of South McCarrons Boulevard, west of Rice Street)

### *Senior Housing*

Since 2013, 261 units of senior housing (active adult and service-enriched) have been delivered in Roseville. These include 41 additional units at Applewood Pointe at Langton Lake, 105 units at Applewood Pointe at Central Park, and 115 units at *Cherrywood Pointe at Lexington*.

Demand calculations indicate there is additional demand for senior housing in Roseville. Although Roseville already has an array of senior housing options, much of the forecast growth in Roseville is a result of the existing population base aging into the older adult and senior age cohorts. Although additional active adult and independent living units could be developed in the short-term, assisted living and memory care housing is experiencing some softness. This may be due, in part, to unit designs at specific properties. The following section discusses additional age-restricted products that may be considered in the short-term.

## RECOMMENDATIONS AND CONCLUSIONS

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Similar to other established suburbs in the Metro Area, Roseville's age distribution is weighted toward the older adult and senior cohorts. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Roseville and other established communities: older adult and senior residents are able to relocate to new age-restricted housing in Roseville and existing homes and rental units previously occupied by seniors become available to other households. Therefore, the development of additional senior housing does not mean the housing needs of younger households are neglected; it usually means that a greater percentage of housing need is satisfied by housing unit turnover.

- Active Adult Rental – There is no active adult rental housing in Roseville, either market rate or affordable. Dominion has recently developed affordable age-restricted housing in several communities in the Twin Cities and additional properties are under construction. New properties are found in Crystal, Prior Lake, Apple Valley with new construction slated for Stillwater and Woodbury in the near future. At 60% AMI, units are affordable to one- and two-person households with incomes of about \$40,000 to \$45,000 annually. These properties have been very well-received and have leased rapidly. The development size is usually between 180 and 200 units, making these properties difficult to develop on small in-fill sites. Vacancy rates for this product is very low, generally less than 1.0%, among these properties. New market rate housing also attracts empty-nesters and young seniors that prefer to rent their housing, but do not need services.
- Active Adult Ownership – Currently, there are six active adult ownership properties in Roseville, four cooperatives and two condominiums. There are virtually no vacant units among any of these properties. With continued increases in the older adult age cohorts, owner-occupied, age-restricted housing will continue to be a product of choice for active seniors and demand for this housing product is anticipated to remain strong over the next decade.
- Active Adult Subsidized – Financing subsidized senior housing is extremely challenging as federal funding for this type of housing has all but disappeared. Therefore, any new age-restricted subsidized development would have to rely several different funding sources to ensure feasibility. A public-private partnership could assist with the development of a limited number of subsidized units along with an age-restricted affordable property.
- Service-Enhanced Senior Housing – Although there is demand for additional assisted living and memory care units in Roseville, assisted living and memory care vacancies are reduced from 2013, but are essentially at or close to market equilibrium. With the recent opening of *Cherrywood Pointe at Lexington*, we believe there is sufficient supply to meet short-term demand. ***Additional assisted living and memory care senior housing (103 units) is planned at Roseville Senior Living (2600 Dale Street), which would essentially meet the remaining demand for assisted living and memory care housing in Roseville over the next five years.***

## RECOMMENDATIONS AND CONCLUSIONS

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### Opportunity Sites – Suggested Housing Products

The following paragraphs discuss the sites that offer the best opportunities in the short-term for new housing development, depending on the development readiness of the site.

#### Short-Term

We have identified the following sites as those with the highest short-term potential for development considering their locations, adjacent and surrounding land uses and current zoning.

#### Multifamily (Rental) Housing

**Site 4** in the Twin Lakes Redevelopment Area has convenient access to major thoroughfares, is within walking distance of retail goods and services and could be developed with a mix of uses including high-density market rate and affordable housing. The property has been cleared of existing uses, is vacant and essentially ready for development. The site is large enough to support a relatively high number of units.

**Site 11** is south of Commerce Street and east of Pascal Street and is adjacent to Target and National American University. The property is zoned mixed-use and a new high-density development on this property would be required to incorporate some commercial office, retail or institutional use in conjunction with the housing. Because of its location, there may be an opportunity to attract office or retail development because of the adjacent users, some of which may be interested in leasing additional space in proximity to their existing buildings. If users for the non-residential component can be found easily, the development potential for this property, is, in our opinion, short-term.

**Site 23** on Old Highway 8, north of County Road C has convenient access to major thoroughfares, is highly visible from Old Highway 8 and is zoned for medium-density housing but could potentially support high-density residential use. High-density use would require the property be up-zoned. A new rental property could be developed on this site in the short-term, either market rate or affordable. The property is not in an area that could be considered a pedestrian-oriented or walkable area but is within walking distance of limited convenience goods.

**Site 24** in the NE corner of the intersection of Cleveland Avenue and County Road B West is highly visible and easily accessible from the adjacent roadways. High-density residential development would be suited to this location and would have convenient access to nearby employment concentrations. The property is currently zoned medium density and zoning would have to be increased to accommodate high-density residential. The property is relatively small but should be able to accommodate a modest size building of 50 units or more depending on the able to accommodate the necessary on-site parking. The property is not in what could be considered a pedestrian-oriented or walkable area and is not within walking distance of neighborhood goods and services.

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**Site 27** is north of County Road B and adjacent to Albert Street North. Adjacent and surrounding land uses include single-family homes, rental housing, and retail goods and services. The property is highly visible from County Road B and easily accessible via major thoroughfares. The Roseville library is situated a short distance from the property on Hamline Avenue. The Site is vacant and ready for development. This property could support high-density rental housing, market rate or affordable, in the short-term. Developing the site as mixed-use with commercial space on the first floor would make the development of this property more challenging. This site would also be well-suited to the development of active adult, few services rental, market rate or affordable.

**Site 28** is in the SW corner of Highway 36 and Dale Street, north of Sandhurst Avenue. The site is occupied by single-family homes and is zoned for medium-density development. This property would also be suitable for high-density residential but would require rezoning. This site could be appropriate for an affordable rental townhome development that would incorporate primarily two- and three-bedroom units. One drawback of the Site is that it is not within walking distance of retail goods and services and is not generally well served by public transit. The Site could also be developed with a small high-density market rate rental building.

### **Alternate Site (under a development agreement)**

The Roseville Senior Living site at 2600 Dale Street (intersection with County Road C) is currently planned to be developed with assisted living and memory care housing. If this development does not proceed, this property could be developed with a high-density residential use, although the size of the property may restrict the ability to accommodate sufficient parking on the site. The property would be well-suited to a modest size market rate building roughly 50 to 60 units. A similar site is currently being developed in Minnetonka in the Glen Lake neighborhood.

Many other mixed-use sites identified on the map are suitable for the development of rental housing, but would require combining several parcels, relocating existing users and/or a larger vision for the use of the entire site. We consider these sites as long-term opportunities for high-density development.

### **Medium-Density Housing**

Sites 23 and 24 above, under their current zoning, could also be considered for the development of attached townhome units. Townhome development was substantially reduced during and shortly after the recession and housing values plummeted and buyers increased their purchases of single-family homes. With the substantial increase in new home pricing, (\$450,000 or higher, on average), more developers are building two- and three-story townhomes targeted to an entry-level buyer. Pricing for these types of units typically begin at about \$300,000, but for these sites, should be priced at \$250,000 to \$275,000. Those desiring to enter the owner housing market and who do not want or cannot afford a new single-family home, may be interested in a new townhome. The existing single-family home stock in Roseville however, is typically priced at or below the price of new construction townhomes. Sites 23



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and 25, at medium density would be able to accommodate only a limited number of units. The smaller number of units may result in higher pricing, which would may price out the intended target market.

**Site 25** east of Fry Street North and north of Oakcrest Avenue at the south end of Rosebrook Park is zoned medium density and would be well-suited to the development of an in-fill multi-story townhome product or attached single-level product. Single-level units on this small site would be few and most likely expensive, considering development costs. We would not recommend single-level units on this site because of price considerations which may overshoot the current market for this product in Roseville at this location.

**Site 28** at the intersection of Dale Street, south of Highway 36 in the southwest quadrant is currently zoned for medium-density housing. We believe that this property's zoning should be increased to high-density given its current location at the intersection of two major thoroughfares. Although the property is small, development would be more likely to occur on the property if a greater number of units could be accommodated. The property is currently vacant and open. Affordable medium-density housing would work well for this property, but it may be difficult to develop market rate medium density as the cost to develop and price to buyers/renters may not be perceived as compatible with the location of the Site.

**Site 30**, south of McCarrons Lake and north of South McCarrons Boulevard is zoned for medium density residential. This property is immediately adjacent to McCarrons Lake and is currently occupied with smaller buildings, which would be removed. Developing this property as medium density would increase the number of units and accommodate more households. However, the location and general characteristics of the property tend to favor single-family development. Single-family homes near the property are generally larger in size on larger lots. The Site is somewhat removed from Rice Street, a high-traffic commercial corridor and could accommodate single-family homes. Lot sizes would be smaller than most of the surrounding parcels. Medium-density product (i.e. single-level twinhomes, detached villas or townhomes) are also likely to work well on the property. If possible, we view this Site as a strong opportunity for short-term development.

**Site 31**, east of Lexington Avenue and south of County Road C2 is zoned for medium-density residential. The parcels adjacent to Lexington Avenue are vacant. This property would be highly appropriate for multi-story attached townhomes. The primary challenge with the site is how to provide access to the property that would avoid direct access out to Lexington Avenue, especially during peak traffic periods. If developed with higher-end homes, buyers may be deterred by higher traffic volumes on Lexington Avenue.

### **Single-Family Housing**

**Site 26**, south of County Road C and west of Snelling Curve, is currently zoned for low-density development and would be well-suited for single-family homes or detached villas or a medium-density product such as single-level twinhomes or multi-story attached townhomes. Medium-

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density product would require a rezoning. The Site is secluded, but easily accessible to retail goods and services and major transportation thoroughfares. The property is combined of several parcels, which may be challenging to combine into one development site. In the short-term or long-term, we view this site as ideally suited for housing. Based on current needs in the community, we would recommend a detached villa, or a single-level attached housing product.

**Site 29**, north of North of North McCarrons Boulevard and east of Williams Street North is zoned for low-density housing. The existing surrounding land uses are primarily older, single-family homes, and older rental housing. If this property is developed with single-family homes, we recommend a housing product that would appeal to first-time home buyers, where lots and homes would be smaller in size to reduce pricing that would be appropriate and would fit with the surrounding neighborhood. If developing single-family product results in substantially higher costs or challenges, we recommend up-zoning the property to medium-density to accommodate an attached housing product on the property. We view the development timing of this site as medium to long-term because the existing building must be removed to make way for new housing on the property.

**Site 31** may also be suitable for small lot, small home development targeted to first-time homebuyers. Again, there may be a challenge with developing single-family homes if the only access to the property is directly onto and off Lexington Avenue. Lot widths for existing parcels are between 81 and 84 feet. Developing smaller lot widths of 40 to 50 feet could effectively double the number of single-family units that could be developed on the property.

### **Medium-Term or Long-Term**

Sites currently zoned for mixed-use development that are either vacant or are currently occupied with an existing use or uses will require more planning and effort to redevelop. Some of these sites are situated in areas where the surrounding land uses are not generally considered compatible with a new medium-or high-density residential property.

The following sites would be suited for the development of high-density housing in combination with other uses but would require more resources and more effort to acquire, combine and redevelop the properties. The smaller of these sites may be able to be acquired more rapidly and could therefore, be developed in the medium, rather than long-term.

### ***Medium Term***

Site #12 - (north of County Road B, west of Snelling Avenue)

Site #17 – (west of Rice Street, south of Owasso Blvd)

Site #18 - (west of Rice Street, north of Transit Avenue)

Site #19 – (west of Rice Street, south of Transit Avenue)

Site #20 – (west of Rice Street, south of County Rd B2)

Site #29 – (east of Williams St., south of Elmer)

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### *Long-Term*

Site #13 - (south of County Road B, west of Snelling Avenue)

Site #14 - (east of Snelling Avenue, Har Mar Mall)

Site #15 – (west of Lexington Avenue, north of Larpenteur Avenue)

Site #16 – (east of Lexington Avenue, north of Larpenteur Avenue)

### **Development Challenged Due to Compatibility with Adjacent and Surrounding Land Uses**

Site #3 – (Cleveland Avenue, south of County Road C2)

Site #5 – (Cleveland Avenue, west of Walmart)

Site #6 – (Prior Avenue North, south of County Road B2)

Site #7 – (Highway 36 Frontage Road, east of Prior Avenue North)

Site #8 – (South of Oasis Park, east of Fairview Avenue)

Over time, these properties may be improved with other uses that would make them more compatible with new housing, particularly if some of the existing restaurants would remain as first floor tenants (Sites #6 and #7). Typically, the formats for these types of tenants is not conducive to mixed-use as parking and drive-thru service would likely present problems for residents as well as the retail tenants. Although having restaurants in proximity to housing is desirable, other factors such as restaurant hours, smells, trash removal and parking often create challenges when trying to combine these uses.

**Site 8** is a large cluster of properties that include office, industrial and retail uses. Redevelopment of one or more of these sites could include housing, most likely high-density although medium density would be appropriate south of Oasis Park. Combining uses within this large cluster and the large number of buildings and sites makes this location perhaps the most challenging redevelopment area in Roseville.

### **Development Challenged Due to Size, Location and Zoning**

The following parcels are identified as challenging to redevelop:

Site #1 (East of Old Highway 8, north of County Road C2) – Small site, mixed-use zoning

Site #2 (North of County Road C2, west of Long Lake Road) – Narrow, small site, mixed-use zoning

Site #10 (east of Lexington Avenue, south of West County Rd D)-small site, mixed-use zoning

These properties could be redeveloped in the short-term with medium-density or high-density affordable housing, but the incorporation of another use on the property is unlikely to be economically viable if combined with commercial. Incorporating commercial at the street level with housing above is difficult in locations where there is not already a high concentration of retail and usually a strong pedestrian-oriented and walkable area. None of the sites listed above possess these characteristics.

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**RECOMMENDATIONS AND CONCLUSIONS**

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**Challenges and Opportunities**

Table H-2 recommends housing products and suggested development timeframes on the 30 housing opportunity sites. In addition to the obvious challenges of development in a first-tier community such as Roseville (i.e. limited land and the need for redevelopment), the following paragraphs discuss other challenges that the City is facing in meeting current and future housing needs.

- **Overall Tight Housing Supply (Metro-Wide).** The substantial rise in employment that occurred in the Twin Cities post-recession, rising construction costs, lack of available construction labor and a swell in the number of young households moving into the workforce, has placed extreme pressure on our ability to meet housing demand at virtually all price points, most significantly for households that need affordable and subsidized housing. Roseville's large employment base and enviable location between Downtown Minneapolis and Downtown St. Paul have long secured its position as attractive to owners and renters. Although limited, sites are available and new housing can be accommodated. The usual arguments toward medium and high-density housing such as lowering home values, increased traffic and reduced safety are often unfounded. Roseville can continue to increase its tax base, provide more amenities for its residents and enhance and maintain its quality of life with prudent redevelopment of its infrastructure and aging commercial and housing base. New housing and creative mixed-use development will ensure that Roseville retains its desirability for years to come.

Although housing demand in Roseville could be higher, the City can effectively use its existing land (vacant and already developed) to develop new housing to increase the balance between new and old. New housing creates movement in the existing market, causing a portion of households that can afford higher housing costs move up and freeing lower cost housing for lower income households.

- **Housing Densities.** Virtually every first-tier community in the Twin Cities is planning and making efforts to increase housing densities to satisfy the demand for housing with limited land availability. Redevelopment of existing, dated commercial and industrial properties is occurring in Roseville to support new configurations of mixing housing with other uses. Due to high redevelopment costs, higher density housing products will be necessary to support these efforts. While higher density products can capitalize on economies of scale, higher density does not always mean "affordable" and that affordable is a relative term. Communities are struggling with how to provide more affordable housing, but we continue to insist on better building materials, more features and amenities, and more safety and security measures in large scale developments. In our effort to create high quality housing, we almost inevitably create housing that is "unaffordable" to a large portion of the population. Creative ideas and processes are needed to achieve the objective.

## RECOMMENDATIONS AND CONCLUSIONS

The chart below shows net housing densities by product type. Because of the limited land supply available in Roseville, we recommend that new construction have smaller lot widths than those shown on this table. The City may want to explore the potential development of a small lot, small house subdivision to appeal to first-time homebuyers seeking to purchase at a price point below the current standard in the market.

TYPICAL HOUSING DENSITIES BY PRODUCT TYPE	
Product Type	Net Units Per Acre
<b>DETACHED HOUSING</b>	
Single Family	
Executive (90' wide lot+)	1.75 - 2.50
Standard (60'-80' wide lot)	2.75 - 3.75
Small Lot (less than 50')	4.00 - 5.00
Detached Townhomes/Villas	4.50 - 6.00
<b>ATTACHED HOUSING</b>	
Twin Homes	6.50 - 8.00
Townhomes/Rowhomes	10.00 - 14.00
Low/Mid-Rise Multifamily	40.00 - 50.00
Six-Story Multifamily	65.00 - 75.00
Hi-Rise Multifamily	85+
Sources: Maxfield Research Inc., Urban Land Institute, <i>Site Planning</i>	

**Housing Affordability.** A portion of households that can afford higher-priced housing will elect to spend a lower portion of their income for housing (i.e. less than 30%). Market rate housing is comprised of households that may choose to spend less, equal to or more than they could theoretically afford at the 30% level. With less movement in the housing market and stagnant wages in several industry segments (including retail, hospitality and service positions), households requiring affordable housing have increased substantially while the supply of this type of housing has decreased.

The older housing stock among owned and rental housing in Roseville is being fulfilled largely by the product in the marketplace as identified in the housing market analysis sections for rental and for-sale. As prices have increased, Roseville is positioned in the middle compared to its immediate neighbors in terms of price points for owned and rental housing. Nevertheless, housing costs continue to rise dramatically. First-time homebuyers regularly experience bid situations and renters have experienced a 22% essentially pure increase in rental rates over the past five years not influenced by the development of new Class A product.

Although Roseville has a large share of affordable housing, the need for more is projected to continue to rise. We do not advocate that the topic of affordable housing dominate housing discussions, but that there is an awareness of ongoing need that is unsatisfied in today's economic climate and that balancing new housing with the maintenance of the ex-

## RECOMMENDATIONS AND CONCLUSIONS

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isting housing stock. We have recommended trying to encourage the development of additional larger size units (two- and three-bedroom units for families) in a townhome format. Affordable independent living housing for seniors would also be well-received.

We continue to recommend targeting housing assistance programs toward workforce housing production – or households earning between 60% and 120% of AMI.

- **Redevelopment Sites, Adjacent Land Uses and Age of the Housing Stock.** Many of the opportunity sites have been identified as redevelopment. Some sites have several parcels clustered that, combined could be considered as one site. Although our recommendation identifies these Sites as potentially developable in the short-term with affordable rental housing, the redevelopment costs and financing gaps may not justify short-term redevelopment of these properties. The City should perhaps wait on investing resources into some of these locations to consider how redevelopment can more fully benefit the adjacent neighborhood and satisfy various housing needs in the community. The highest priority sites as those that have already been addressed as the most promising short-term opportunities.
- **Multifamily Development Costs.** It may be difficult to construct new multifamily product with amenities today's renters desire given achievable rents and development costs. Maxfield Research tracks development and construction costs for new rental housing across Minnesota. In the Twin Cities core, the average cost per unit now typically begins at \$300,000. A new affordable rental under construction in Downtown Minneapolis has a per unit cost of \$400,000. Minimum average rents per square foot to support new construction are about \$1.90 and higher. Therefore, given redevelopment and acquisition costs, nearly all new market rate rental development is also likely to require some assistance from the City. Affordable housing experiences an even large financial gap. The high cost of new housing will affect the ability of some sites to be developed with products that will meet market demand at an acceptable price. Over-pricing product for the location means that valuable financial resources may be used inefficiently.
- **Land Banking.** Land Banking is a program of acquiring land with the purpose of developing in the future. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing housing. The city should consider establishing a land bank to which private land may be donated and public property may be held for future affordable housing development.
- **Housing Programs.** Roseville offers several programs to promote and preserve the existing housing stock. Some of the key programs offered include:
  - Foreclosure Prevention – Partnered with a third party such as the Minnesota Home Ownership Center or Lutheran Social Service Financial Counseling. Provides counseling and financial assistance to homeowners facing possible foreclosure. The Sustainable Home Ownership Program (SHOP), is a non-profit program of the Greater Metropolitan

## RECOMMENDATIONS AND CONCLUSIONS

Housing Corporation in partnership with the Dayton's Bluff Neighborhood Housing Services. SHOP can assist families that are at risk of losing their homes.

- Roseville Home Improvement Loans – Provides loans for single-family, townhomes, condominiums and duplexes, although townhomes and condominiums are eligible for only interior improvements. The City works with the Center for Energy and Environment (CEE), a Ramsey County organization, through their Lending Center. CEE offers home improvement loans for almost any type of home improvement, including solar and geothermal improvements. CEE supports several cities including Roseville that offer loan, grant and down payment assistance for their residents. The CEE Lending Center also provides free advice on energy assistance programs and home improvement loans.

SUMMARY HOME IMPROVEMENT LOAN ACTIVITY THROUGH CEE CITY OF ROSEVILLE				
Roseville Home Improvement Loans	2017		2018	
	No.	Dollars	No.	Dollars
No. Application Packets Requested/Mailed	6	n/a	3	n/a
No. Residential Advisor Visits	4	n/a	6	n/a
No. Loans in Process for the City	7	n/a	9	n/a
Closed Loans (Dollar Amounts)	3	\$58,379	0	\$0
Leveraged Loans (Dollar Amounts)	7	\$43,384	7	\$97,839
* 2018 data through August 31, 2018				
Note: Types of projects include furnace, insulation, air conditioning, windows/doors, garage, lighting, solar-PV, water heater.				
Source: City of Roseville				

- Multifamily Rental Property Loans – CEE offers landlords increase the energy efficiency of their properties by providing financing of up to \$20,000 for energy efficient projects. Qualified projects include air conditioning, new furnace, new windows, insulation, and hot water heaters. For properties that need substantial rehabilitation, the Roseville HRA will consider requests for more funds than the maximum. Also assists condominium associations to obtain below market rate financing for improvements.
- Green Remodeling Plan Book – originally conceived as an online resource for residents to assist them with their home improvement projects by approaching those projects in a sustainable, “green” manner using sustainable materials and healthy sustainable practices. Updates are completed every three to four years and the most recent (2016) is also available as a PDF download. The plan book is 92 pages and covers a diverse array of topics related to interior and exterior remodeling. The City of Roseville also awards a local Green Award. Residential properties are eligible to be recognized.

**RECOMMENDATIONS AND CONCLUSIONS**

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- Housing Replacement Program – The City strives to bring new investment and improvements to the City by acquiring and demolishing older homes and reselling the land to a qualified builder for the construction of a new home. The program requires new construction to meet certain guidelines. Currently, there are no lots available for purchase.
- Rental Licensing Program – The City of Roseville requires a rental license for all buildings of five or more units. The license program was implemented in 2013 and helps assure that MRDs with five or more units are safe, sanitary and well-maintained. Beginning in 2018, the Roseville Fire Department now manages the RL Program. An estimated 33% of units were inspected each year. The rental license is valid for one year and must be renewed each year. The inspections are now annual and occur at the same time as the fire inspection. The grading scale for the rental inspection has been eliminated and the inspection is now a pass/fail grade.

In addition to the City housing programs, the following bullet points summarize programs administered through Ramsey County.

- Energy Conservation Deferred Loan Program – Provides 10-year deferred payment loans to improve energy efficiency to 1-4 units owner-occupied properties. Loans are restricted to low and moderate-income households (maximum income of \$71,900 for a family of four) and must be recommended through an energy audit. Roseville is offering 200 Roseville residents free energy audits (value of \$60). This program requires an energy audit before receiving financing, which is a cost of \$60. Financing is available for loans up to \$10,000. Ramsey County also assists with home weatherization.
- Ramsey County Residential Rehabilitation Deferred Loan Program – For low income homeowners, the loan will be forgiven after 10 years in the home. For moderate income homeowners, the loan must be repaid in full when the homeowner refinances, sells, transfers interest or moves from the property. In both cases, there is no interest and no monthly payment. Home improvement deferred payment loans for up to \$18,000 may be used for basic and necessary improvements which make the home more livable, more energy efficient, or more accessible for disabled persons. Only available for residents of suburban Ramsey County.
- Ramsey County FirstHOME Buyer Assistance Program – Helps first home buyers purchase homes more affordably by providing deferred loans that can be used for down payment assistance, closing costs, and occasionally, health/safety/code improvements. Eligible buyers may qualify for up to \$10,000 with 0% interest to help bring their monthly costs down to the 30% of income level. Buyers are responsible for a minimum investment of \$2,000. The principal-only subordinate mortgage must be repaid upon resale. Eligible income is 80% of the Metro Area's AMI by household size and buyer's must demonstrate a minimum of three years of full-time, permanent, uninterrupted employment history.



## RECOMMENDATIONS AND CONCLUSIONS

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Other initiatives the EDA could consider are:

- Housing Collaboration – Host meetings (quarterly, bi-annually, or annually) with rental property owners, property management companies, Realtors, etc. to discuss key issues and topics related to the for-sale and rental housing sectors in Roseville.
- Density Bonuses – With the cost of land as a typical barrier to providing housing that is more affordable, increasing densities can result in lower housing costs by reducing the land costs per unit. The City of Roseville can offer density bonuses where applicable to encourage medium and high-density residential development while also promoting an affordability component.
- Waiver or Reduction of Development Fees – There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate housing that is more affordable, some fees could be waived or reduced to bring desired housing products to the market at a more affordable price.

### City Priorities

Based on the findings of our analysis, the following is a priority summary. Priorities are identified in sequential order, beginning with the task/product type deemed most important.

1. Encourage and support the development of market rate general occupancy rental housing targeted to more affluent renters (more than one property over the next five years).
2. Encourage and support the development of an active adult age-restricted rental community, either affordable (60% AMI or market rate).
3. Encourage and support the development of small lot, small house, two-level and single-level detached or attached homes.
4. Encourage and support the development of an affordable rental townhome community (60% or less of AMI) for families (two- and three-bedroom units).
5. Identify features and amenities that may be added to neighborhoods that would improve and promote enhanced livability. These amenities may be supported by City funding but may benefit adjacent property owners and residents.

**RECOMMENDATIONS AND CONCLUSIONS**

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6. Prioritize mixed-use redevelopment sites. Consider how market-driven building and development patterns may best suit sites that are targeted for redevelopment. Monitor the potential availability of properties that could be acquired and land-banked for future redevelopment.
7. Reassess the need for additional senior housing products and specifically, assisted living and memory care. Consider a balance between sites targeted for traditional multifamily development and those that could be developed with senior housing.
8. Consider exploring a small lot, small house subdivision that would provide an option for entry-level buyers that want to purchase a home at a price point below that of standard market pricing.

# Memo

**To:** Jeanne Kelsey  
**From:** Stacie Kvilvang - Ehlers  
**Date:** July 15, 2019  
**Subject:** Analysis of Request for Assistance – Dominion: Boaters Outlet

The City received a proposal from Dominion to redevelop a portion of the above referenced property into approximately 480 affordable rental housing units consisting of a non-age restricted building (approximately 225 units) and a sr. building (approximately 252 units). The projects are going to be financed with 4% low income housing tax credits (LIHTC) and bonds. Overall total development costs (TDC) are approximately \$130.6 million for the apartment portion only and development is expected to commence in 2020. The remaining portion of the site will be developed into approximately 56,000 sq/ft of retail/commercial space.

All of the units will be affordable to households at or below 60% of area median income (AMI) and will be both rent and income restricted as noted below:

Income Limit by Household Size	
Household Size	Income Limit
1	\$42,000
2	\$48,000
3	\$54,000
4	\$60,000

Rent Limit by Unit Size		
Unit Size	Rent Limit	Proposed Rents
Studio	\$1,050	N/A
1	\$1,125	\$1,047
2	\$1,350	\$1,255
3	\$1,560	\$1,447

60% AMI rents are approximately 30% to 35% less than what market rate rents would be for a similar project. To put this in perspective, below is a table that shows the differential in market rate versus 60% AMI rents (utilized Reuter Walton’s rents as a comparison):

Unit Size	Rent Type	Rent	Difference	Monthly Income Difference
1-Bdrm	Market	\$1,547	(\$457)	(\$2,739)
	Affordable	\$1,090		
2-Bdrm	Market	\$1,907	(\$600)	(\$12,600)
	Affordable	\$1,307		
3-Bdrm	Market	\$2,298	(\$791)	(\$5,537)
	Affordable	\$1,507		

<b>Monthly Income Difference</b>	<b>(\$20,876)</b>
<b>Annual Income Difference</b>	<b>(\$250,512)</b>

<b>Present Value (over 35 years)</b>	<b>(\$4,101,932)</b>
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As noted, there is a significant decrease in the annual income, thus less cash flow to support a larger mortgage, etc. Therefore, Dominion is requesting 26 years of TIF in the form of two (2) separate pay-as-you-go (PAYGO) TIF Notes to assist with offsetting the revenue gap. This is a typical request for all affordable housing projects since the cost to construct these projects is the same as a market rate project, yet they are rent restricted.

The tables below show the sources for each apartment:

### Senior Apartments

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	37,752,559	56%	149,812
TIF Mortgage	3,990,000	6%	15,833
Tax Credits	17,957,406	27%	71,260
Deferred Developer Fee (100% of Total Fee)	5,687,513	8%	22,569
Deferred Contractor Fee (49% of Total Fee)	1,277,092	2%	5,068
Other Public Sources	500,000	1%	1,984
<b>TOTAL SOURCES</b>	<b>67,164,570</b>	<b>100%</b>	<b>266,526</b>

### Non Age Restricted Apartments

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	35,870,000	57%	160,134
TIF Mortgage	3,460,000	5%	15,446
Tax Credits	17,024,998	27%	76,004
Deferred Developer Fee (100% of Total Fee)	5,460,457	9%	24,377
Deferred Contractor Fee (46% of Total Fee)	1,147,824	2%	5,124
Other Public Sources	500,000	1%	2,232
<b>TOTAL SOURCES</b>	<b>63,463,279</b>	<b>100%</b>	<b>283,318</b>

As noted, the TIF assistance is 5% to 6% of the total project costs, which is in line with what we typically see in these types of projects (typically up to 10%). In addition, the Developer is deferring 100% of their developer fee, which is more than we typically see (up to 50%) and approximately 50% of their general contractor fee, which is not typically deferred.

Total development costs (TDC) for the apartments are shown in the tables below:

### Senior Apartments

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	4,650,000	7%	18,452
Construction Costs	43,813,905	65%	173,865
Contractor Fee	2,629,514	4%	10,435
Professional Services	2,967,612	4%	11,776
Financing Costs	5,801,252	9%	23,021
Developer Fee	5,687,513	8%	22,569
Cash Accounts/Escrows/Reserves	1,614,774	2%	6,408
<b>TOTAL USES</b>	<b>67,164,570</b>	<b>100%</b>	<b>266,526</b>

### Non Age Restricted Apartments

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	4,650,000	7%	20,759
Construction Costs	41,593,666	66%	185,686
Contractor Fee	2,491,215	4%	11,121
Professional Services	2,736,212	4%	12,215
Financing Costs	5,311,316	8%	23,711
Developer Fee	5,460,457	9%	24,377
Cash Accounts/Escrows/Reserves	1,220,413	2%	5,448
<b>TOTAL USES</b>	<b>63,463,279</b>	<b>100%</b>	<b>283,318</b>

We have reviewed the project based on general industry standards for construction, land, and project costs; affordable rental rates and operating expenses; developer fees; available funding sources; underwriting criteria; and, project cash flow. Generally, the projects meet the expectations of LIHTC projects with regards to the financing structure, on-going operational costs and developer fee. Following are our findings relating to the analysis completed for the development:

1. **Financing.** Dominion has maximized the first mortgage and 4% LIHTC. Both the First Mortgage and the TIF Mortgage require debt coverage of 115% to provide lenders the comfort that the revenues generated will be adequate to repay the mortgages. In review of their coverage on both mortgages, with TIF, they have approximately 125% coverage and without TIF, less than the 115% coverage. If for whatever reason the development falls below the required coverage, the Developer is still able to make the payments, they just receive less cash flow. If the coverage falls below 100%, typically their financing parameters are full recourse, meaning that the Developer has to make the payment from other sources, regardless.
2. **Acquisition Cost:** The site acquisition costs of approximately \$18,000 to \$21,000 per unit are above the typical range of \$8,000 to \$15,000 per unit found in similar affordable apartment projects throughout the Metro Area. Dominion has provided comps of land for similar projects they have developed that reflect these land costs and contend that the higher site costs relate, in part, to the existing buildings on the site.
3. **Developer Fee:** Dominion included a 8.5% developer fee within each project, which is within industry standard for a LIHTC project, but at the low end (typically up to 12%, or combined 14% with general contractor fee). They are deferring 100% of this fee in each project. This fee would typically be paid out in installments through the final construction draw, but the deferral portion will be paid out of cash flow and it is anticipated it will take approximately seventeen (17) years for them to be repaid.
4. **General Contractor Fee:** Dominion acts as their own general contractor and they have a fee of 4% within each project, which is within industry standard for a project (typically 3% to 5%), but low for a standard LIHTC project. They are deferring approximately 50% of this fee, which will be paid out of cash flow and is anticipated that it will take

approximately 8 years for them to be repaid (the combined developer fee and contractor fee is 10% to 11%, which is below the combined 14% threshold).

5. **Residential Total Development Cost (TDC)**: The TDC is approximately \$266,000/unit for the sr. project and \$283,000 per/unit for the family as noted in the previous tables. This is in line with industry standards of \$200,000 to \$300,000 and is indicative of the quality of the construction.
6. **Management Fee**. Management fees of 2.5% of gross revenue is slightly below the typical range of 3% to 6%, but typical of Dominion's fee due to having a larger overall portfolio of rental units.
7. **Operating Expenses**. Operating expenses of approximately \$3,200/unit (before taxes, management fees, and reserves) is within industry standards for projects of this size (typical range is \$3,000 to \$4,000).
8. **Vacancy**. Vacancy is underwritten at 5% which is required by MHFA for LIHTC projects.

To determine if a project is "financially feasible", in a LIHTC project, we review the timing of repayment of any deferred fees, which is the way developers make money on these projects. Typically, LIHTC investors like to see deferred developer and/or deferred contractor fees repaid within 10 to 13 years. As noted above, it takes 17 years for these fees to be repaid. Dominion is comfortable with this structure as are their investors since they are well experienced in LIHTC development and are the largest LIHTC developer in MN.

## Recommendations

We recommend providing Dominion with two (2) separate PAYGO Notes with terms of 18 years (\$3.46M for the non-age restricted apartments and \$3.99M for the senior apartments).

We reviewed the requests in light of your public assistance policy. Based upon that, the proposed developments meet the following five (5) of the seven (7) City objectives:

1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
2. Expand and diversify the local economy and tax base.
3. Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development
4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
5. Facilitate the development process and promote development on sites that could not be developed without this assistance.

The two (2) City objectives not met are to retain local jobs and/or increase the number and diversity of quality jobs and meet other uses of public policy, including but not limited to promotion of quality urban design (meets), quality architectural design (meets), energy conservation

(unsure), sustainable building practices (unsure), and decreasing the capital and operating costs of local government (not applicable).

In addition to meeting five (5) of the City's objectives, it meets the following five (5) of the twelve (12) City's desired qualifications:

1. Implements the City's vision and values for a City-identified redevelopment area
2. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City
3. Promotes multi-family housing development
4. Redevelops a blighted, contaminated and/or challenged site
5. Addition of specific project enhancements including, but not limited to, architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features.

The seven (7) goals it does not meet include:

1. Attracts or retains a significant employer within the City
2. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
3. Not a corporate campus or medical office development
4. Not a hi-tech office or R & D facility
5. Not a small business (2 objectives for this)
6. Doesn't add needed road improvements (non-required) or multi-modal transportation; and

If the City wants to see this property transformed into higher and better uses, then based on review of the developer's pro formas and current market conditions, the proposed developments are not reasonably expected to occur solely through private investment within the reasonably near future.

Dominium has indicated that they are accepting of this proposal and are willing to move forward based upon the TIF assistance.

Please contact me at 651-697-8506 with any questions.

**EXTRACT OF MINUTES OF MEETING  
OF THE  
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota was duly held on the 15th day of July, 2019, at 6:00 p.m.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

**RESOLUTION No. XX**

**RESOLUTION EXPRESSING SUPPORT FOR REDEVELOPMENT TAX INCREMENT FINANCING ASSISTANCE REQUESTED IN CONNECTION WITH A PROPOSED MULTIFAMILY HOUSING DEVELOPMENT ON ALL OR A PORTION OF PARCEL ID NOS. 042923430005, 042923430013, AND 042923430014 AT COUNTY ROAD C**

WHEREAS, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the “TIF Act”) and Sections 469.090 to 469.1081 (the “EDA Act”), the Roseville Economic Development Authority (“EDA”) is authorized to create and administer tax increment financing districts within the City of Roseville (the “City”); and

WHEREAS, the EDA is further authorized to identify and utilize other funds for the purpose of assisting redevelopment; and

WHEREAS, Dominion or an affiliate thereof (the “Redeveloper”) has requested tax increment financing assistance in connection with Redeveloper’s proposed redevelopment of certain property located on all or a portion of Parcel ID Nos. 042923430005, 042923430013, and 042923430014 at County Road C in the City (the “Property”), in order to construct approximately 224 units of affordable rental housing and 252 units of senior affordable rental housing on the Property, as well as approximately 56,200 square feet of commercial/retail space for which the Redeveloper is not requesting assistance (the “Improvements”); and

WHEREAS, the EDA has previously expressed support for the creation of a redevelopment tax increment financing district in connection with both the



47 proposed redevelopment of 2720 Fairview Avenue and the Improvements,  
48 and is willing to explore tax increment and other financial assistance at a  
49 level to be determined, subject to a pro forma analysis by the EDA's  
50 municipal advisor, to finance a portion of the extraordinary redevelopment  
51 costs of the Improvements.  
52

53 NOW, THEREFORE, BE IT RESOLVED, that subject to (i) further verification of  
54 Redeveloper's need for financial assistance and (ii) negotiation and  
55 approval of a Contract for Private Redevelopment that addresses (among  
56 other things) the terms under which the Redeveloper will construct the  
57 Improvements on the Property, the terms and conditions under which the  
58 EDA will provide financial assistance, and the sources of such financial  
59 assistance, the EDA agrees to create a redevelopment tax increment  
60 financing district for the purpose of financing a portion of the extraordinary  
61 costs of the Improvements in compliance with the TIF Act and the EDA  
62 Act.  
63

64  
65 The motion for the adoption of the foregoing resolution was duly seconded by Member

66  
67 , and upon a vote being taken thereon, the following voted in favor thereof:

68  
69 and the following voted against the same:

70  
71 WHEREUPON said resolution was declared duly passed and adopted.  
72

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regular meeting thereof on July 15, 2019.

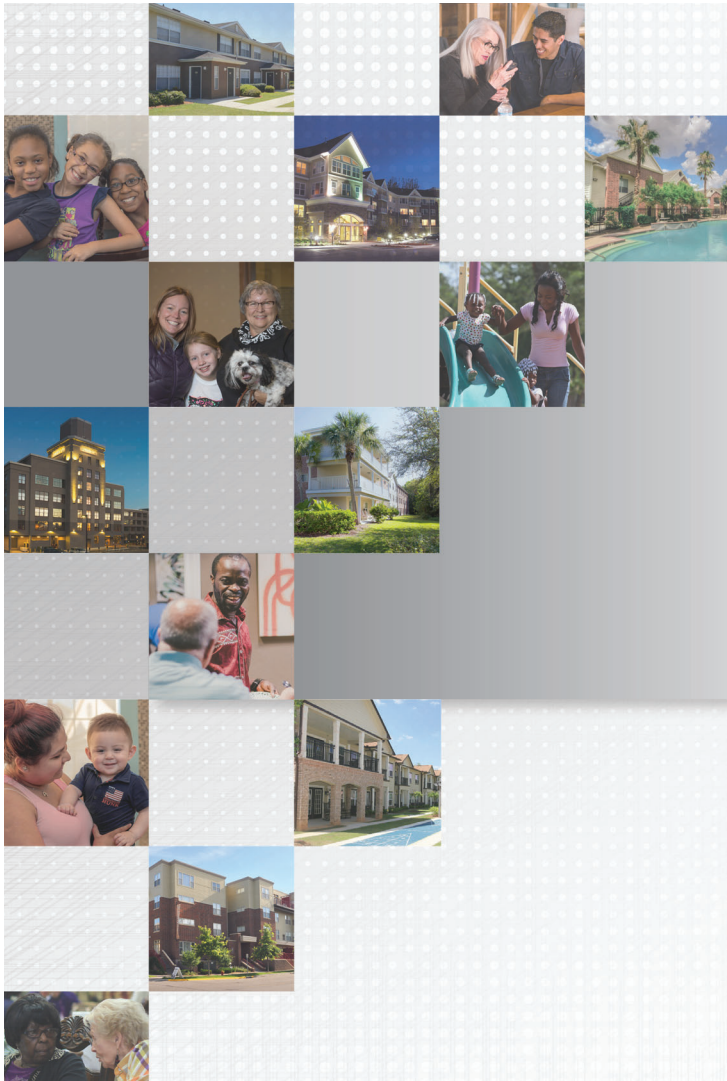
I further certify that Commissioner \_\_\_\_\_ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner \_\_\_\_\_, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this \_\_\_ day of July, 2019.

\_\_\_\_\_  
Patrick Trudgeon, Executive Director  
Roseville Economic Development  
Authority



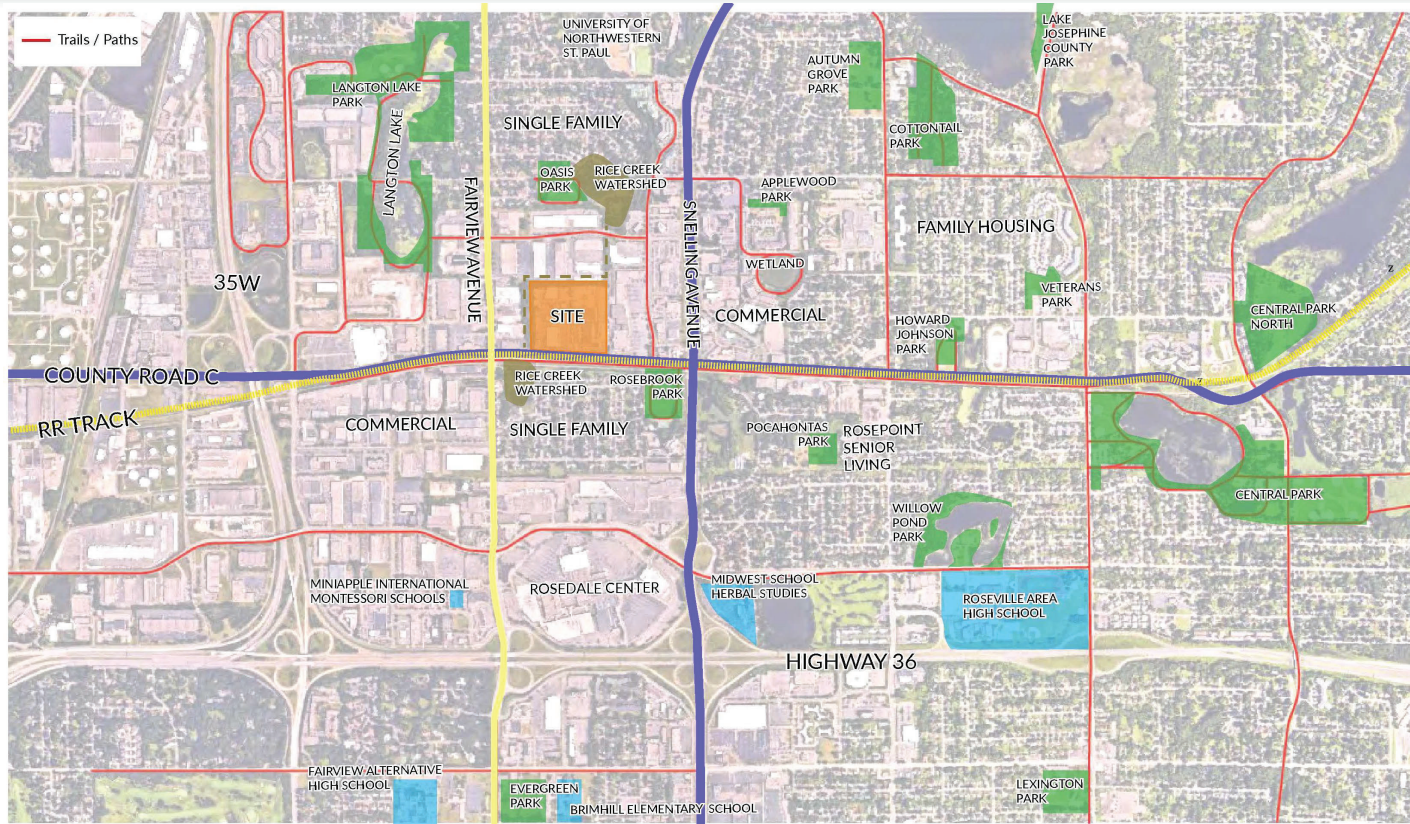
Attachment F

JULY 15<sup>TH</sup>, 2019



# Site Context

Attachment F

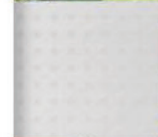


TWIN LAKES STATION  
ROSEVILLE, MN  
DATE: 6/25/19

SITE CONTEXT PLAN

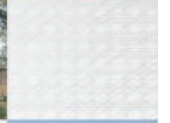
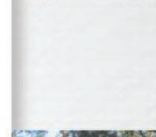
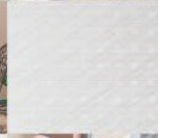
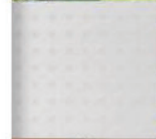
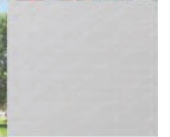


2



# THE TWIN LAKES STATION

Attachment F



# Proposed Site Plan and Unit Mix

Attachment F



Residential  
 -224 Family Units  
 -252 Senior Units

## Commercial

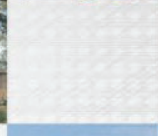
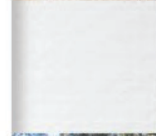
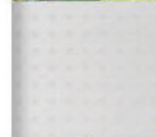
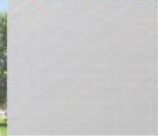
- Lot A – Bank 3,900 SF
  - Lot B – Retail 5,000 SF
  - Lot C – Retail/Rest. 5,000 SF
  - Lot D – Retail 5,000 SF
  - Lot E – Retail 4,500 SF
  - Lot F – Retail/Rest. 5,000 SF
  - Lot G – Dental/Rest. 5,000 SF
  - Lot H – Grocery 22,300 SF
- Total 56,200 SF**



# Retail Renderings



# Retail Renderings

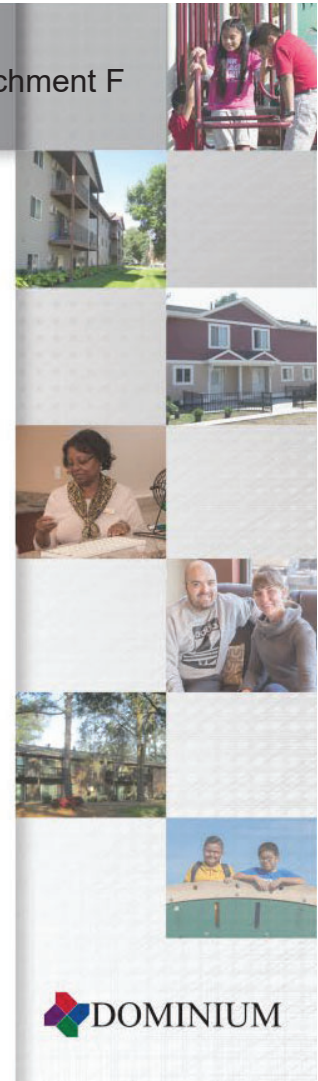




# Roseville – Financial Assistance Summary

Attachment F

<b>Twin Lakes Family &amp; Senior Apartment Project</b>	
<b>Financial Assistance Summary</b>	
<b><u>City Request</u></b>	
TIF Note from City – Family	<b>Total</b> \$ 3,460,000
TIF Note from City - Senior	3,990,000
<b>Total TIF Request</b>	<b>\$ 7,450,000</b>
<b><u>Fees Paid to City of Roseville</u></b>	
Tax Exempt Bond Issuer Fee (1% - Up Front)	<b>Total</b> \$ 675,000
Twin Lakes Infrastructure Improvement Fee	1,800,000
Building Permit & Plan Review Fee (Estimate) – <i>housing portion only</i>	495,000
TIF District Administrative Fees (10% to City) - <i>Collected over Time</i>	1,350,000
<b>Total Paid Fees</b>	<b>\$ 4,320,000</b>



# Twin Lakes Infrastructure Improvement Fee

Attachment F

- No City impact or park dedication fees are required per City codes for this development
- Dominion has agreed to pay to the City of Roseville a \$1,800,000 Twin Lakes Infrastructure Improvement Fee to help convert the drainage ditch into a greenway trail system and provide other improvements related to the development.
- The payment of this fee is conditioned upon the funds being used to directly construct the improvements connected to this development for the benefit of the City and the project's housing and retail tenants.
- If the City does not move forward with these improvements, the fee will not be paid and reduction in number of years of TIF will be reduced.



# Legends of Spring Lake Park



Attachment F



## PROJECT SUMMARY:

- Spring Lake Park, MN
- 194 Senior Apartments



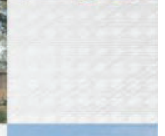
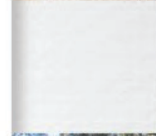
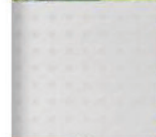
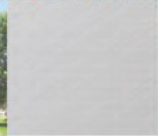
# Legends of Spring Lake Park - Interior

Attachment F



# Legends of Spring Lake Park - Amenity

Attachment F



# Legends of Columbia Heights



Attachment F



## PROJECT SUMMARY:

- Columbia Heights, MN
- 191 Senior Apartments



# Legends of Columbia Heights - Interior

Attachment F



# Legends of Columbia Heights - Amenity

Attachment F



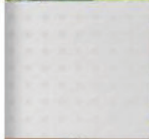
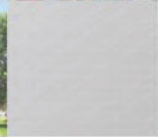


# Union Flats

Attachment F

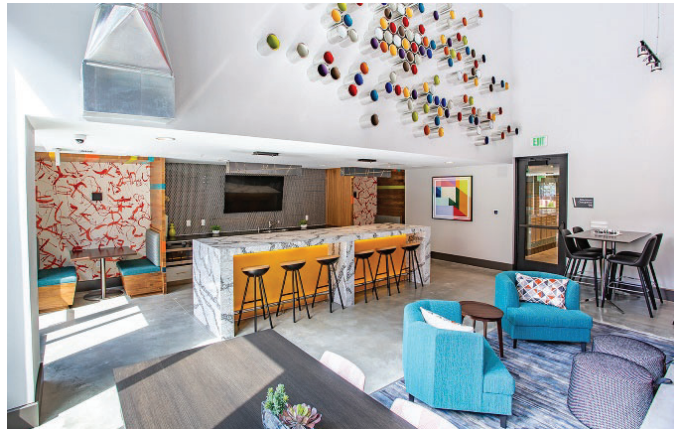
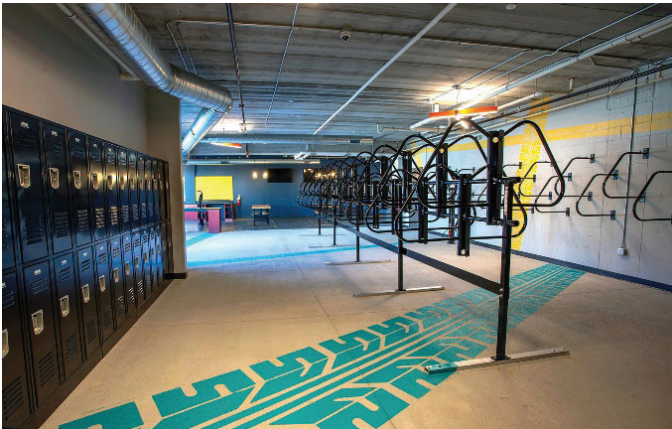
## PROJECT SUMMARY:

- St. Paul, MN
- 217 Workforce Apartments



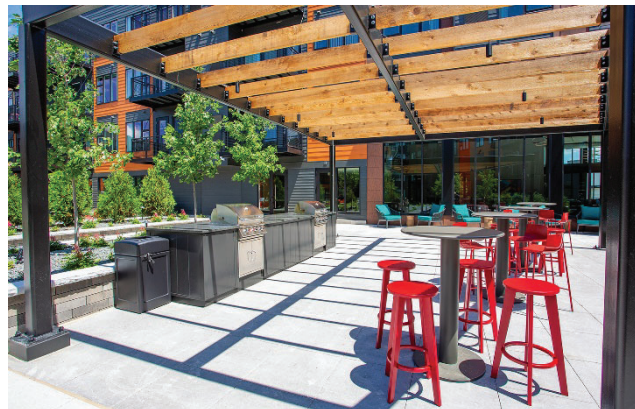
# Union Flats - Interior

Attachment F



# Union Flats - Amenity

Attachment F





# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 7/15/2019

Item No.: 5.b

Department Approval

City Manager Approval

*Janice Gundlach*

*Patricia Trueman*

Item Description: Adopt a Resolution Requesting a Preliminary Levy Collectible in 2020

1  
2 **BACKGROUND**

3 Per the by-laws adopted by the Roseville Economic Development Authority (REDA), the REDA must  
4 review and recommend a preliminary budget to the City Council.

5  
6 To request a preliminary EDA levy, the REDA must adopt a budget for consideration by the City  
7 Council via Resolution. Once the initial EDA levy request is approved, the levy may be lowered but  
8 cannot be raised above the preliminary level. The maximum amount the REDA can levy for in 2020 is  
9 \$915,455.

10  
11 *A preliminary levy of \$463,400 is being proposed for 2020, a decrease of \$10,260 from the EDA's 2019*  
12 *levy. When factoring in a projected valuation increase of 6.7% for 2020, the preliminary levy amount*  
13 *proposed would result in a zero increase in annual property taxes for the same median valued home*  
14 *now projected to be valued at \$272,000.*

15  
16 **STAFFING**

17 The Community Development Director is proposing no changes to the staffing structure for 2020.  
18 Economic Development staff that are supported by the EDA levy include a full-time Economic  
19 Development and Housing Program Manager and a .5 time Economic Development Coordinator (who also  
20 holds the title of GIS Specialist). It's worth noting, that in previous years Neighborhood Enhancement  
21 Program (NEP) staff were allocated within General REDA Expenditures and Personnel, however these  
22 costs have been allocated under Programming for 2020.

23  
24 The total cost for EDA staff in 2020 is anticipated to be: **\$186,540**

<p>25 <u>General REDA Expenditures and Personnel</u> The REDA has operating costs associated with overhead, staff, attorney fees, recording secretary services, and continuing education/training of staff. This amount reflects total operating costs <b>and</b> personnel costs.</p>	<p style="text-align: right;">\$232,240 <i>(includes the \$186,540 of staff-only costs)</i></p>
--	---

26  
27 Programming costs are provided on the next page.  
28  
29

30 **PROGRAMMING**

31 The tables below outline existing housing and economic development programs the City of Roseville’s  
 32 Economic Development Authority currently maintains. In addition to personnel costs, accompanying  
 33 costs of these programs are included herein.

34 In 2020, the following programs will continue to operate but do not require additional funds:

<u>Multi-Family Loan and Acquisition Funds</u> Offers rehabilitation loans to existing rental property owners (whose properties have 5 or more units) and also makes dollars available for energy improvements. This program is available for general redevelopment activities and has a balance of \$1,673,247*.	\$0
Roseville Rehab Revolving Loan Program (consolidated home improvement loan program). This fund has a balance of \$577,269*.	\$0
Abatement Assistance (payment of abatement costs for code enforcement activities). This fund has a balance of \$128,246*.	\$0
Housing Replacement/Single Family Construction Fund. This fund has a balance of \$407,477*.	\$0

35 \*fund balances noted are as-of March 15, 2019.

36  
 37 In 2020, the following programs are proposed to be budgeted for as follows:

<u>Ownership Rehabilitation Programs</u> Provides residents with free, comprehensive consultation services about the construction/renovation process to maintain, improve, and/or enhance their existing home, with a specific focus on energy efficiency. The program also recognizes homeowners that have done green construction or improvements to their homes and yards. This program budgets for 200 energy efficiency audits to be completed each year. This budget reflects no increase in 2020.	\$27,850
<u>Marketing</u> This budget is maintained for printing and mailing of marketing materials related to REDA programs. This budget reflects no increase in 2020.	\$5,000
<u>Economic Development</u> The Economic Development budget reflects resources to aid in outreach to existing and prospective businesses. Current efforts include partnerships with the Minnesota State Chamber, St. Paul Area Chamber of Commerce, Twin Cities North Chamber, and others to assist with quarterly educational workshop series, newsletters, and yearly networking events. Recruitment, acquisition assistance, and marketing efforts are being programmed through the assistance of economic development consulting (\$50,000), which includes the City’s Public Finance Consultant Ehler’s. Annual contract obligations for Golden Shovel Agency economic development marketing services are also included in this total (\$12,000). This budget reflects no increase in 2020.	\$73,500
<u>Neighborhood Enhancement</u> The Neighborhood Enhancement Program (NEP) is a seasonal effort whereby a pre-determined geographic area of the City is inspected for compliance with the	\$49,360

<p>City’s Nuisance Code. This program is partially supported through the EDA as well-maintained neighborhoods and housing are a function of city-wide economic development. Several staff provide support for this program (time allocations provided in parenthesis), including a Seasonal Inspector (0.33), the Building Official (0.05), two Code Compliance Officers (both at 0.10), and a Department Assistant (0.05). Printing and postage costs (\$8,000) for the annual NEP mailing to those properties to be inspected is included. These costs were budgeted in General REDA Expenditures and Personnel in 2019, but for clarify purposes are being separated as a program cost for 2020.</p>	
<p><u>Southeast Roseville Initiatives</u>  The Cities of Roseville, St. Paul and Maplewood have hired the Saint Paul Area Chamber of Commerce to begin implementation of the Rice &amp; Larpenteur Alliance, which stemmed from completion of the Rice/Larpenteur Gateway Visioning Plan. While SPACC’s contract is only for 12 months, staff is recommending the City of Roseville continue to set aside funds in support of efforts towards a long-term alliance and any other initiatives that may occur as a result of the visioning plan. This budget reflects no increase in 2020.</p>	\$50,000
<p><u>Open to Business ***New Program***</u>  Ramsey County is positioned to execute a contract with the Metropolitan Consortium of Community Developers to bring the Open to Business program to Ramsey County, including the City of Roseville. This program provides free business consulting services to Roseville businesses, as well as access to capital. There is no cost to the City for Open to Business. However, staff is proposing the difference from the 2019 levy (\$473,660) and the 2020 REDA operating and program expenses (\$437,950), plus non-property tax revenues (\$23,125 – see below), be set aside as a place-holder to fund a future loan program for small businesses to be administered by Open to Business, such as a matching loan leveraging Open to Business capital.</p>	\$48,575
<p><b>Total 2019 Levy Supported Program Expenses</b></p>	<b>\$254,285</b>

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**NON-PROPERTY TAX REVENUE**

Historically, the levy has been the sole source to funding for activities conducted by the REDA. Several years ago the University of Northwestern committed to paying the City \$23,125 annually in recognition of their tax-exempt status and continued expansion beyond their campus property. This “charitable pledge” is for economic development efforts aimed at expanding the tax base, thus they’ve been allocated to the REDA. This revenue is used to offset expenses, but was not budgeted for in 2019 in light of ongoing litigation. Staff has programmed this revenue back into the budget as the University has continued its payments. It’s worth noting the charitable pledge payments, per the June 2014 agreement, are set to expire in 2024.

<p><b>Total EDA Proposed Budget:</b>  (Program Expenses + REDA Expenditures &amp; Personnel)</p>	\$486,525*
<p>Minus Non-Property Tax Revenue</p>	-\$23,125
<p>Proposed Preliminary 2020 Levy</p>	<b>\$463,400</b> <i>(2.2% or \$10,260 decrease from 2019)</i>

49 \*the cash balance of the EDA general fund on December 31, 2019/January 1, 2020 is projected to be  
50 \$285,866, which exceeds 35% of the proposed operating budget for 2020.

51 **STAFF RECOMMENDATION**

52 Consider a Resolution requesting a Preliminary Tax Levy in 2019, collectible in 2020, in the amount of  
53 \$463,400.

54

55 **REQUESTED COUNCIL ACTION**

56 Motion to adopt a Resolution requesting a Preliminary Tax Levy in 2019, collectible in 2020, in the  
57 amount of \$463,400.

58

Prepared by: Janice Gundlach, Community Development Director  
Attachments: A. REDA Budget Comparison  
B. Resolution

City of Roseville Economic Development Authority 2020 Proposed Budget Fund 725 July 15, 2019					
Account Number	Description	2017 Adopted Budget B Staffing Revenue	2018 Adopted Budget Revenue	2019 Adopted Budget Revenue	2020 Proposed Budget Revenue
<b>Proposed Revenues:</b>					
	Investment Income				
	Cash carry-over				
	Cashflow Reserve				
	Northwestern Charitable Pledge				\$23,125.00
	Property Tax paid late				
	EDA Levy	\$356,585.00	\$360,150.00	\$473,660.00	\$463,400.00
	<b>Total Revenue</b>	<b>\$356,585.00</b>	<b>\$360,150.00</b>	<b>\$473,660.00</b>	<b>\$486,525.00</b>
<b>Proposed Expenses:</b>					
<b>Housing Replacement/Single Family Construction Funds</b>					
71	Professional Services	\$0.00	\$0.00	\$0.00	\$0.00
430000	Printing	\$0.00	\$0.00	\$0.00	\$0.00
434000	Miscellaneous	\$0.00	\$0.00	\$0.00	\$0.00
448000	Contractor Payments				
490000	<b>Housing Replacement/Single Family Construction Funds</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
71	<b>Multi Family Loan &amp; Acquisition Fund</b>				
72	Professional Services	\$0.00	\$0.00	\$0.00	\$0.00
430000	Printing	\$0.00	\$0.00	\$0.00	\$0.00
434000	Rental Licensing - Manager/Owner Meeting				
448000	Other Services & Charges - Acquisition	\$0.00	\$0.00	\$0.00	\$0.00
490000	ECHO Project 2016 Final				
490000	<b>Multi Family Loan &amp; Acquisition Fund</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
72	<b>Ownership Rehab Program</b>				
73	Professional Services-CEE	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
430000	Advertising				
433000	Other Services & Charges Fees for Loan Closing				
490000	Green Award Program	\$850.00	\$850.00	\$850.00	\$850.00
490000	Energy Efficiency Program	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
490000	<b>Ownership Rehab Program Total</b>	<b>\$27,850.00</b>	<b>\$27,850.00</b>	<b>\$27,850.00</b>	<b>\$27,850.00</b>
73	<b>First Time Buyer Program</b>				
74	Professional Services - Educational Outreach				
430000	Advertising				
433000	Other Services & Charges (448000, 424000)	\$0.00	\$0.00	\$0.00	\$0.00
448000	Live/work RSV program				
490000	<b>First Time Buyer Program Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
74	<b>Neighborhood Enhancement Program</b>				
78	Prof Services - City of Roseville	\$47,900.00	\$47,900.00	\$39,920.00	\$41,360.00
430000	Marketing -Printing and Mailing	\$3,070.00	\$3,070.00	\$8,000.00	\$8,000.00
433000	Other Services & Charges	\$3,615.00	\$3,580.00		
448000	<b>Neighborhood Enhancement Program Total</b>	<b>\$54,585.00</b>	<b>\$54,550.00</b>	<b>\$47,920.00</b>	<b>\$49,360.00</b>
78	<b>Marketing Studies</b>				
82	Market Research				
430000	Printing Marketing Materials	\$6,500.00	\$6,500.00	\$5,000.00	\$5,000.00
434000	Miscellaneous-Postage	\$1,500.00	\$1,500.00	\$0.00	\$0.00
448000	<b>Marketing Studies</b>	<b>\$8,000.00</b>	<b>\$8,000.00</b>	<b>\$5,000.00</b>	<b>\$5,000.00</b>
82	<b>Economic Development</b>				
56	Golden Shovel (Including Intern Assistance as needed)	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
430000	Economic Development Consultant On-Call	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
430000	BR&E Newsletter page, other outreach	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
433000	Business Educational Series	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
441000	Salesforce & Misc.	\$500.00	\$500.00	\$500.00	\$500.00
448000	<b>Economic Development Program Total</b>	<b>\$73,500.00</b>	<b>\$73,500.00</b>	<b>\$73,500.00</b>	<b>\$73,500.00</b>
56	<b>Southeast Roseville Initiatives</b>			\$50,000.00	\$50,000.00
NA	<b>Open-to-Business Loan Program (tentative)</b>				\$48,575.00
NA	<b>General EDA Expenditures</b>				
00	City of Roseville Economic Development Staff	\$159,500.00	\$159,600.00	\$174,840.00	\$186,540.00
430000	Prof. Svs. (Secretary)	\$2,500.00	\$2,500.00	\$3,500.00	\$2,500.00
430000	Prof. Svs. (EDA Attorney)	\$15,000.00	\$15,000.00	\$16,000.00	\$17,000.00
0006	Admin Service Fee	\$9,650.00	\$9,650.00	\$9,650.00	\$12,000.00
460001	Education (Training/Conferences)	\$2,500.00	\$4,500.00	\$5,500.00	\$8,000.00
441000	Training for Board		\$1,500.00	\$1,500.00	\$1,500.00
441000	Office Supplies	\$0.00	\$0.00	\$200.00	\$0.00
441000	Mbrship/Subscriptions	\$1,500.00	\$1,500.00	\$2,000.00	\$2,000.00
442000	Miscellaneous	\$2,000.00	\$2,000.00	\$4,500.00	\$2,000.00
448000	Mileage Reimbursement			\$700.00	\$700.00
432000	Computer Equipment			\$1,000.00	
453009	Operating Reserves			\$50,000.00	
00	<b>General EDA Expenditures</b>	<b>\$192,650.00</b>	<b>\$196,250.00</b>	<b>\$269,390.00</b>	<b>\$232,240.00</b>
	<b>Subtotal Expenditures</b>	<b>\$356,585.00</b>	<b>\$360,150.00</b>	<b>\$423,660.00</b>	<b>\$486,525.00</b>
	<b>Total Budgeted Expenses</b>	<b>\$356,585.00</b>	<b>\$360,150.00</b>	<b>\$473,660.00</b>	<b>\$486,525.00</b>



**EXTRACT OF MINUTES OF MEETING OF THE  
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

Pursuant to due call and notice thereof, a meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota, was duly called and held at the City Hall on Monday, the 15<sup>th</sup> day of July, 2019, at 6:00 p.m.

The following members were present:

and the following were absent:

Commissioner \_\_\_\_\_ introduced the following resolution and moved its adoption

**Resolution No. XX**

**A Resolution Requesting A Tax Levy in 2019 Collectible in 2020**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Roseville Economic Development Authority, Minnesota (the "Authority"), as follows:

Section 1. Recitals.

1.01. The Authority is authorized by Minnesota Statutes Section 469.107 to request that the City of Roseville, Minnesota (the "City") levy a tax on all taxable property within the City, subject to approval of such tax levy by the City Council of the City, for the benefit of the Authority (the "EDA Levy").

1.02. The Authority is authorized to use the amounts collected by the EDA Levy for the purposes provided in Minnesota Statutes, Section 469.090 to 469.1081 (the "EDA Act").

Section 2. Findings

2.01. The Authority hereby finds that it is necessary and in the best interest of the City and the Authority to request that the City Council of the City adopt the EDA Levy to provide funds necessary to accomplish the goals of the Authority.

Section 3. Adoption of EDA Levy.

3.01. The Authority hereby requests that the City levy the following amount, which is no greater than 0.01813 percent of the City's estimated market value, to be levied upon the taxable property of the City for the purposes of the EDA Levy described in Section 1.02 above and collected with taxes payable in 2020:

Amount: \$463,400

41

42

Section 4. Report to City and Filing of Levies.

43

4.01. The executive director of the Authority is hereby instructed to transmit a certified copy of this Resolution to the City Council with the Authority's request that the City include the EDA Levy in its certified levy for 2020.

44

45

46

Adopted by the Board of the Authority this 15<sup>th</sup> day of July, 2019.

47

Certificate

48 I, the undersigned, being duly appointed Executive Director of the Roseville Economic  
49 Development Authority, Minnesota, hereby certify that I have carefully compared the attached  
50 and foregoing resolution with the original thereof on file in my office and further certify that the  
51 same is a full, true, and complete copy of a resolution which was duly adopted by the Board of  
52 Commissioners of said Authority at a duly called and regularly held meeting thereof on July 15,  
53 2019.

54 I further certify that Commissioner \_\_\_\_\_ introduced said resolution and moved its  
55 adoption, which motion was duly seconded by Commissioner \_\_\_\_\_, and that upon  
56 roll call vote being taken thereon, the following Commissioners voted in favor thereof:  
57

58

59

60 and the following voted against the same:

61

62

63 whereupon said resolution was declared duly passed and adopted.

64 Witness my hand as the Executive Director of the Authority this 15<sup>th</sup> day of July, 2019.

65

66

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\_\_\_\_\_  
Executive Director, Patrick Trudgeon  
Roseville Economic Development Authority



**REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION**

Date: 7/15/2019  
Item No.: 5.c

Department Approval

Executive Director Approval

*Janice Gundlach*

*Ramon Trujillo*

Item Description: Authorize the Single Family Rehab Revolving Loan Program maintenance to be moved to CEE

**BACKGROUND**

On June 18, 2017, the Roseville Economic Development Authority (REDA) authorized moving the origination services of the Single Family Rehab Revolving Loan Program to the Center for Energy and Environment (CEE). At that time, CEE was not offering loan servicing options, causing the REDA to contract with the Community Reinvestment Fund (CRF) for servicing of existing loans. CEE now provides a one-stop shop for loan origination and servicing, which provides a smoother process for the loan program. In addition, based upon reviewing the same services between CEE and CRF, moving to CEE would provide a savings of \$6,196 over the remaining servicing of the current loans that have been originated. Staff is requesting to work with CEE over the next 6 months to move the loans that are due to be paid off after year 2020 from CRF to CEE.

**STAFF RECOMMENDATION**

Authorize staff to notify CRF of cancellation of services and to work with CEE for loan servicing of current and future Single Family Rehab Revolving Loans.

**REQUESTED REDA BOARD ACTION**

Authorize staff to notify CRF of cancellation of services and to work with CEE for loan servicing of current and future Single Family Rehab Revolving Loans.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086  
Attachment A: Cost savings for moving of loans  
Attachment B: Contract for Loan Servicing with CEE.

City of Roseville EDA  
 Listing of Current Open Loans  
 11/19/2018

1/1/2019

<u>Contract Number</u>	<u>Mature Date</u>	<u>Loan Balance</u>	<u>Remaining Months on Loan</u>	<u>CEE Monthly Cost</u>	<u>CRF Monthly Cost</u>	<u>Cost to move 2020 and older</u>
1110381	1/1/2028	17,947.97	108	\$ 648.00	\$ 1,080.00	40.00
23053	10/1/2028	24,302.50	117	702.00	1,170.00	40.00
1122921	7/1/2019	1,574.57	6	36.00	60.00	-
1126441	12/1/2019	2,633.10	11	66.00	110.00	-
1134681	12/1/2020	5,653.78	23	138.00	230.00	40.00
1152461	10/1/2022	5,534.41	45	270.00	450.00	40.00
1158301	8/1/2023	13,348.86	55	330.00	550.00	40.00
1181211	7/1/2025	16,424.88	78	468.00	780.00	40.00
1182171	9/1/2025	8,245.11	80	480.00	800.00	40.00
1185171	12/1/2025	3,344.46	83	498.00	830.00	40.00
1188891	6/1/2026	6,189.19	89	534.00	890.00	40.00
1190331	9/1/2026	32,717.13	92	552.00	920.00	40.00
1190821	9/1/2026	31,366.69	92	552.00	920.00	40.00
1190881	9/1/2026	13,071.70	92	552.00	920.00	40.00
1191231	10/1/2026	6,269.19	93	558.00	930.00	40.00
1192321	11/1/2026	24,967.93	94	564.00	940.00	40.00
192511	11/1/2026	5,117.62	94	564.00	940.00	40.00
1163991	12/1/2026	33,590.02	95	570.00	950.00	40.00
1194451	3/1/2027	21,153.00	98	588.00	980.00	40.00
21740	12/1/2027	17,619.82	107	642.00	1,070.00	40.00
21766	12/1/2027	23,447.77	107	642.00	1,070.00	40.00
21827	12/1/2027	12,702.91	107	642.00	1,070.00	40.00
				<u>10,596.00</u>	<u>17,660.00</u>	<u>800.00</u>

6,996.00 Savings moving to CEE  
(800.00) Cost to Move Loans  
6,196.00 Difference Moving to CEE

## LOAN SERVICING AGREEMENT

This LOAN SERVICING AGREEMENT (“Agreement”) is made by and between **CENTER FOR ENERGY AND ENVIRONMENT**, with offices at 212 Third Avenue North, Suite 560, Minneapolis, Minnesota 55401 (“CEE”) and **ROSEVILLE ECONOMIC AUTHORITY**, with offices at 2660 Civic Center Drive, Roseville, MN 55113 (“Client”).

**RECITALS**

In consideration of their mutual undertakings and payments provided for herein, the parties recite, covenant, and agree to the following:

- A. CEE is a non-profit corporation engaged in the servicing of development loans; and represents that it is qualified and authorized to perform the services described herein; and
- B. Client originates, purchases, owns, and/or manages loans that benefit economically distressed or declining areas, disadvantaged persons, neighborhoods or community revitalization, foster job creation, or other section 501(c)(3) charitable purposes; and
- C. CEE is authorized by Client to function as a servicing agent under the terms of this agreement; and
- D. Client now desires to have CEE perform the duties set forth herein for the loans covered by this Loan Servicing Agreement (the “Agreement”).

**NOW, THEREFORE**, CEE and Client agree as follows:

1. *Duties of CEE*

CEE shall, at all times and with respect to all loans identified by Client (the “Client Loans”) which it has been engaged by the Client to service, employ its normal and regular servicing activities in the servicing of Client Loans to perform those responsibilities specifically set forth on Exhibit A (the “Services”). The parties acknowledge that, from time to time, the Services may be modified at the request of the Client and agreement by CEE. Such changes shall be mutually agreed upon and are not effective unless agreed to in writing by the execution of a revised Exhibit A.

2. *Effective Date*

CEE shall commence servicing activities under this agreement effective on the following date: July 15, 2019 (“Effective Date”) and shall continue until terminated as provided in Section 16 of this Agreement.

3. *Servicing Compensation and Reimbursement*

Client shall compensate CEE for the Services in accordance with the fee schedule attached as Exhibit B of this Agreement and reimburse CEE for any of CEE's out of pocket third-party costs of recordation, perfecting or releasing liens, legal costs incurred, servicing of notices, repossession, foreclosure, and other similar costs paid by CEE on behalf of Client with respect to CEE's actions on specific Client Loan(s) (the "Fees"). CEE shall retain any late fee payments collected from borrower. CEE shall retain fees owed from Fund Remittance as provided in Exhibit A. CEE shall issue a report to Client showing fees netted with funds remitted to Client. Following the Initial Term, as hereinafter defined, CEE may increase the Fees from time to time by providing an updated Exhibit B to Client at least sixty (60) days prior to effective date of the new fee schedule and no more than one time annually.

#### 4. *Initial Boarding of Clients*

In making this Agreement, CEE represents, warrants, and agrees to provide Client the Information for each Client Loan and the loan documents related to the Client Loans upon request.

For purposes of this Agreement, "Information" shall include the following:

- Borrower Full Name
- Property Address, if Secured
- Loan Amount
- Interest Rate
- Term
- Closing Date
- Monthly Payment Amount
- Payoff Date
- Amortization Schedule
- Closing Documents
- Servicing Records
- Complaint Resolution
- Collections Records (for Delinquent Accounts only)

Client will cooperate with CEE, and provide CEE such information and documents as may be necessary in CEE's discretion to perform its duties under this Agreement, reconcile any loan balance information provided to CEE, and CEE may rely in good faith on information provided to it by Client.

#### 5. *Ongoing Boarding of Client Loans*

On a regular basis, following the Effective Date of this Agreement, CEE will notify Client of newly originated Loans for which it will service under the terms of this Agreement.

Client represents, warrants, and agrees to cooperate with CEE, and provide CEE such information as may be necessary to perform its duties under this Agreement, reconcile any loan balance

information provided to CEE, and CEE may rely in good faith on information provided to it by Client.

CEE represents, warrants, and agrees to onboard loans accurately according to the provisions provided by Client and shall, subject to Section 26. Force Majeure of this Agreement, remedy any onboarding errors within five (5) business days (or such shorter period as may be required by applicable law) after receipt of notice of such errors.

6. *Reports the Property of Client*

All reports, documents, and materials delivered by CEE to Client pursuant to this Agreement are the exclusive property of Client. Client may use any work product prepared by CEE in such manner, for such purpose, and as often as Client shall deem advisable, in whole, in part, or in modified form, without further compensation to CEE.

7. *Nature of Agreement*

CEE shall perform all of its services and duties hereunder at its own expense and without cost or charge to Client except as expressly provided in Exhibit B of this Agreement.

**Governmental Approvals.** CEE has obtained and will maintain in full force and effect, and satisfy at all times, all related eligibility criteria in order to maintain in full force and effect, without material impairment, suspension or revocation, all municipal, local, or other applicable governmental approvals, registrations, qualifications, permits, licenses, and other applicable authorizations that are required or necessary to perform and conduct the services and CEE's business in accordance with Applicable Requirements, as hereinafter defined.

For purposes of this Agreement, "Applicable Requirements" shall mean:

- (1) All applicable federal, state, and local legal and regulatory requirements binding upon CEE related to the performance of the Services;
- (2) All other final judicial and administrative judgments, orders, stipulations, awards, writs, and injunctions applicable to CEE; and
- (3) The reasonable and customary practices of prudent loan servicing providers that offer the same types of services as CEE for the same types of loans serviced by CEE in the jurisdictions in which CEE operates.

8. *Disaster Recovery*

CEE shall take all commercially reasonable precautions to mitigate the risks to information regarding the Client Loans in connection with disruptions to business operations due to fire, flood, storm, epidemic illness, equipment failure, sabotage, terrorism, natural disaster, disaster caused by humans, or electronic data system failures;



CEE shall keep duplicate records of all electronic information in its possession or control pertaining to Client Loans and shall store at least one copy of such duplicate records in a site remote from its main offices in the following manner:

- (1) Full backups of daily files for 7 consecutive days (weekly backup);
- (2) Full weekly backups rolled into monthly backups;
- (3) Monthly backups rolled into yearly files and kept for 7 years from the date loan is paid off;
- (4) Full daily backups of Cloud Data;
- (5) Daily Cloud backups rolled up into Monthly files and moved out of the Cloud into magnetic storage after 30 days;
- (6) In the event of a natural disaster or catastrophic failure of CEE's electronic data system, CEE shall have a period not to exceed 45 days from the date of such catastrophe to recover or reconstruct such lost data necessary for compliance with its disaster recovery obligations.

*\*The Cloud Provider's policy is subject to change. CEE will notify Client of any material changes in the event that they affect the security of the loans.*

#### 9. *Equal Opportunity Employment*

CEE shall comply with all applicable provisions of the Equal Credit Opportunity Act (15 U.S.C. § 1691 et seq.). CEE is an equal opportunity employer and will not discriminate against any person on the basis of race, color, creed, religion, sex, national origin, age, disability, marital status, sexual orientation, status with regards to public assistance, or any other characteristic protected by law.

#### 10. *Compliance*

**General.** CEE shall comply with all Applicable Requirements.

**Vendors.** From time to time, CEE may engage vendors to perform certain tasks that may be included in CEE's performance of the Services. CEE shall follow commercially reasonable practices designed to ensure that any Services performed by vendors are in compliance with the Applicable Requirements and this Agreement.

**Policies and Procedures.** CEE will maintain and follow written internal policies and procedures related to the Applicable Requirements in connection with providing services to Client, including without limitation, policies and procedures for internal quality control, employee hiring and training, and other methods that ensure compliance.

**Audit Rights.** Client will have the right to audit CEE, at Client's own expense and not more than once per calendar year, for purposes of evaluating compliance with the terms of this Agreement. CEE will require full cooperation and will be responsible for assuring full cooperation by its employees and vendors in connection with such audits. CEE will and shall cause any vendor that performs tasks related to the Services to allow Client and its counsel, accountants, and other representatives, as well as the applicable regulatory authorities of Client, reasonable access upon

thirty (30) days advance written notice and only during normal business hours, to all of CEE and vendors' files, books and records directly relating to the Services performed for Client under this Agreement. CEE will provide, and shall require the vendor to provide, to Client, or obtain for Client, access to such properties, records, and personnel as Client may reasonably require, and shall provide Client with CEE's most recent audited financial statements and the names, resumes, and proof of any required licensures for all relevant personnel employed by CEE, the Client and its representatives and affiliates shall treat all information obtained in such investigation that is not otherwise in the public domain as confidential. CEE shall make financial statement audits available to Client on an annual basis, including any SSAE -16 audits that may be performed on behalf of CEE. CEE shall remit annual financial statement audit reports to Client upon request.

#### 11. *Cooperation.*

Client agrees that it shall (a) promptly deliver to CEE (i) any communications that Client receives from a borrower relating to such borrower's loan, and (ii) any communication Client receives from any regulator, state or federal agency or other governmental entity relating to any borrower's loan that is being serviced by CEE or otherwise relating to CEE's loan servicing activities, and (b) cooperate with CEE regarding any claim, dispute, regulatory examination or investigation related to Client's loans and the services provided to Client by CEE under this Agreement.

#### 12. *Indemnity*

CEE and Client each agree to indemnify, defend, and hold the other and each of their respective officers, directors, employees, agents, counsel, advisors, and representatives (each, an "Indemnified Party") harmless from and against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees, and expenses incurred by Indemnified Party arising out of any actions, demands, investigations, proceedings, claims, counterclaims, or defenses, made by or on behalf of any third party related to the failure of CEE or Client to perform its duties in compliance with the terms of this Agreement. Notwithstanding the foregoing, neither CEE nor Client shall indemnify any such Indemnified Party if such acts, omissions, or alleged acts constitute fraud, gross negligence, willful misconduct, or breach of fiduciary duty by such Indemnified Party. Neither CEE nor Client shall have an obligation to appear with respect to, prosecute, or defend any legal action which is not incidental to this Agreement.

12. *Taxes.* Neither CEE nor Client shall be responsible to the other party for any taxes owed by such party, including, without limitation, any federal, state, or local income or franchise taxes or other taxes, imposed on or measured by income received by such party (or any interest or penalties with respect thereto or arising from a failure to comply therewith) that are required to be paid by such party in connection herewith to any taxing authority.

13. *Reliance.* CEE and Client, and any director, officer, employee, or agent of CEE or Client respectively, may rely on any document of any kind which it, in good faith, reasonably believes to be genuine and to have been adopted or signed by the proper authorities or persons respecting any matters arising hereunder.

#### 14. *Insurance*

During the term of this Agreement, CEE will obtain and maintain insurance in the amounts listed below:

General Liability	\$2,000,000	Aggregate Limit
Automobile Liability	\$1,000,000	Combined Single Limit
Excess Liability	\$1,000,000	Aggregate Limit
Professional Liability	\$1,000,000	Aggregate Limit
Workers Compensation		Statutory Limit

#### 15. *Limitation of Liability*

CEE's role is strictly limited to the Services. Client will be solely responsible for making all decisions concerning the management of the Client Loans. At all times, Client will be responsible for the accuracy of all information provided to CEE, and CEE may rely on any document of any kind which it, in good faith, reasonably believes to be genuine and to have been adopted or signed by the proper authorities or persons respecting any matters arising hereunder. The sole duty of CEE is to exercise ordinary care in its performance of the obligations described in this Agreement. Client agrees that CEE, its officers, directors, agents, and employees ("CEE Representatives") will not be liable for events or circumstances beyond their reasonable control. Client and CEE agree that clerical errors and mistakes in judgment do not constitute a failure to exercise ordinary care or to act in good faith.

Neither party shall be liable to the other or any other person for any indirect, incidental, consequential, punitive or special damages whatsoever (including without limitation, any damages claimed for loss of income, revenue, or profits or for loss of goodwill) arising from or related to services provided pursuant to this agreement. The exclusive remedy available to Client shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by CEE of its duties under this agreement. Notwithstanding anything to the contrary in this Agreement, CEE's total aggregate liability arising out of or related to this Agreement shall not exceed the total amount of fees paid by Client to CEE pursuant to this agreement during the twelve (12) months immediately preceding the event giving rise to such action, excluding any third party costs.

#### 16. *Term of Agreement: Termination*

The initial term shall commence on the Effective Date and continue for a period of three (3) years (the "Initial Term"). Thereafter, the Agreement shall automatically renew for successive one (1) year periods, unless CEE or Client provides written notice of non-renewal or amendment to the other party at least sixty (60) days before the end of the then current term. Notwithstanding the preceding, on the date corresponding to sixty days prior to the initial three-year anniversary, the contract will automatically extend to the next one-year anniversary date, unless notice of termination is given as specified in the following paragraph.

Either Client or CEE may terminate servicing by CEE with respect to any Client Loan or all Client Loans upon (a) ninety (90) days prior written notice delivered to the other party via email (and duly acknowledged by the other party) or (b) upon the occurrence of a CEE Termination Event (as defined below). Upon such termination, CEE shall promptly supply appropriate reports, documents, promissory notes, and other information as requested by Client or any person or entity designated by Client and shall use its commercial best efforts to effect the orderly and efficient transfer or servicing to the Client or a new servicer designated by Client subject to the fees described in Exhibit B.

If any of the following events with respect to CEE shall occur and be continuing, it shall be a "Termination Event":

- A. Any failure by CEE to remit any payment required to be made under the terms of the Agreement which continues un-remedied for a period of ten (10) business days after such payment was required to be made (and such cured failure shall not be deemed a Termination Event); provided, however, that any such failure shall not constitute a Termination Event if such delay or failure could not have been prevented by the exercise of reasonable diligence by CEE, or such delay or failure was caused by events subject to Section 26. Force Majeure; or
- B. Any material breach by CEE or Client of their respective representations and warranties contained herein that materially and adversely affects the interests of the other, or any failure on the part of CEE or Client to observe or perform in any material respect any of the covenants or agreements other than as described in subsection A of this Section 14 and that continues un-remedied for a period of thirty (30) days after the date on which notice of such breach, requiring the same to be remedied, shall have been given to by the non-breaching party to the breaching party; provided, however, that if the breaching party certifies to the non-breaching party that it has in good faith attempted to remedy such breach, such cure period will be extended to the extent necessary to permit breaching party to cure such breach; or
- C. CEE or Client shall suffer a material adverse change in its financial condition that affects its ability to perform its obligations under this Agreement; or
- D. CEE or Client is subject to a bankruptcy or other proceeding relating to its liquidation or insolvency, or a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against CEE or Client and such decree or order shall have remained in force, undischarged or un-stayed for a period of sixty (60) days; or
- E. CEE or Client shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets or liabilities,

or similar proceedings of or relating to CEE or Client or of or relating to all or substantially all of such party's property; or

- F. CEE or Client shall admit in writing its inability to pay its debts as they become due, file a petition to take advantage of any application insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

#### 17. *Assignment of Rights*

This Agreement may not be assigned by Client except with prior written consent of CEE, which consent shall not to be unreasonably withheld. CEE may not assign its rights under this Agreement without the prior written consent of Client.

#### 18. *Independent Contractor*

Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and the services of CEE shall be rendered as an independent contractor and not as an agent for Client, its successors and assigns, or any obligors or noteholders under the Client Loans.

#### 19. *Amendments*

This Agreement may not be amended or modified except by a written agreement signed by the parties in interest at the time of such modification. Notwithstanding the foregoing, CEE may adjust the Fees by providing an updated Exhibit B as set for in Section 3 and all other Schedules may be changed by mutual agreement.

#### 20. *Confidentiality*

Neither Client nor CEE shall disclose or use any Confidential Information of the other party or its affiliates, and each party will keep such Confidential Information confidential and will require that its affiliates, officers, employees, contractors, vendors, and advisors who have access to such Confidential Information comply with such non-disclosure and non-use obligations.

Notwithstanding the foregoing, Client or CEE may provide such Confidential Information as required pursuant to a court or administrative subpoena, court order or other such legal process or requirement of law; provided, however, that it shall endeavor to promptly notify the other of such request, order or requirement, unless such notice is prohibited by statute, rule, or court order. Nothing herein shall require either Client or CEE to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis.

Notwithstanding this section, CEE is expressly permitted to release information to borrowers upon written request regarding their specific loans; and, following receipt of borrower's written authorization to release information, CEE is expressly authorized to release such information regarding that borrower's loan to a third party.

CEE shall cause vendors, if any, not to use or disclose any Confidential Information of Client except in compliance with this Agreement. Notwithstanding the foregoing, a vendor may disclose Confidential Information as required pursuant to a court or administrative subpoena, order or other such legal process or requirement of law; provided, however, that it shall first notify Client of such request or requirement, unless such notice is prohibited by statute, rule or court order. CEE shall not, on Client's behalf, require a vendor to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis. CEE shall also cause vendors not to remove any Confidential Information from Client premises without Client's prior written authorization.

Each party shall limit access to the other party's Confidential Information to only those of its employees and agents who require such access in performing their duties hereunder. CEE agrees to either return the Confidential Information to Client or destroy the Confidential Information upon completion of the work or, in any event, upon termination of the Agreement between the parties. Except as expressly provided in this Agreement, no ownership or license rights are granted in any Confidential Information. Notwithstanding anything to the contrary in this Agreement, Confidential Information may be disclosed to a party's accountants, attorneys, insurers, regulators and consultants. Notwithstanding the foregoing, a party may retain one archival copy of Confidential Information that may be used solely to demonstrate compliance with this Agreement, Applicable Law, and internal policies and procedures.

"Confidential Information" for purposes of this agreement, shall mean any information of CEE, Client, or their respective affiliates, whether written or oral, including:

- A. Financial Information, marketing plans, and personnel records;
- B. Technical and non-technical data, including without limitation, customer lists, customer information, customer non-public information, fee schedules, forms, information, business and management methods, trade secrets, compilation and analysis of financial information and data to prepare and submit bids and proposals to third parties;
- C. Other proprietary or confidential information;
- D. Proprietary computer software, management information and information systems, whether or not such Confidential Information is disclosed or otherwise made available to one party or other pursuant to this Agreement;
- E. Terms and provisions of this Agreement and any transaction or document executed by the parties pursuant to this Agreement.

“Confidential Information” shall not include the following:

- A. Information that is or becomes generally available to and known by the public (other than as a result of an unpermitted disclosure directly or indirectly by the receiving party or its affiliates, advisors, or representatives);
- B. Information that is or becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or its affiliates, advisors, or representatives, provided that such source is not and was not bound by a confidentiality agreement with or other obligation of secrecy to the disclosing party of which the receiving party has knowledge at the time of the disclosure; or
- C. Information that has already been or is hereafter independently acquired or developed by the receiving party without violating any confidentiality agreement with or obligation secrecy to the disclosing party.

21. *Attorney In-Fact.* To enable CEE to carry out its obligations under this Agreement, Client hereby

- a. authorizes CEE (and its third party contractors) on behalf of Client to communicate as Client’s agent with (i) borrowers, guarantors, and others obligated in connection with a Loan by electronic means or otherwise, (ii) credit reporting bureaus and consumer reporting agencies selected by CEE, and (iii) to do or perform any other acts for purposes of carrying out its obligations hereunder, and
- b. appoints CEE as Client’s lawful attorney in fact to sign in the name of Client such documents as are necessary or appropriate for CEE to perform its obligations as contemplated under this Agreement, including without limitation checks and other documents necessary to process payments, proof of claims, and such other documents as Client may approve in writing, which approval shall not be unreasonably withheld or delayed. For the avoidance of doubt, such power-of-attorney shall be revocable, in whole or in part, at the sole discretion of Client; provided that, upon any such revocation, CEE shall not be liable for failure to perform any obligations under this Agreement for which such power-of-attorney is necessary, and such failure may be considered by CEE in its sole discretion as a basis on which to terminate this Agreement.

22. *Transfers.* Client shall provide CEE with all authorizations and information, and shall take all such further steps as may be necessary, in order to authorize and enable CEE to initiate the movement of funds by automated clearing house (“ACH”) or other electronic funds transfer.

23. *Notices*

All notices and communications as part of this Agreement must be in writing and, except as otherwise agreed in writing, must be delivered, mailed, faxed, or emailed, to the following addresses:

If to CEE:

Center for Energy and Environment  
212 3<sup>rd</sup> Avenue North, Suite 560  
Minneapolis, MN 55401  
Attn: Ryan Ellis  
Phone: 612.335.5862  
Email: [rellis@mncee.org](mailto:rellis@mncee.org)

If to Client:

Roseville Economic Development Authority  
Attn: Housing and Economic Development Program Manager  
2660 Civic Center Drive  
Roseville, MN 55113

*24. Governing Law*

This Agreement and each transaction consummated hereunder shall be deemed to be made under the internal laws of the State of Minnesota and shall be construed in accordance with and governed by the laws of the State of Minnesota, without regard to the choice of law rules of that state, except to the extent that any such laws may now or hereafter be preempted by Federal law.

*25. Counterparts*

This Agreement may be executed in several counterparts, each which shall be deemed an original, and all of which shall together constitute one and the same instrument.

*26. Force Majeure*

CEE and Client shall be excused from performing in accordance with the agreement in the event of an occurrence of "Force Majeure". Force Majeure is defined as fire, floods, earthquake, tornado, explosion, catastrophe, accident, war or war-like operations (whether or not a state of war is declared), riot, Acts of God, acts of terrorism, insurrection, order of a Governmental Body and Applicable Laws that prevent performance, to the extent (i) such event of Force Majeure is beyond the reasonable control of the Party claiming Force Majeure, and (ii) the Party claiming Force Majeure gives prompt written notice of the same to the other Party. In the event of any such delay, the sole remedy shall be a time extension for the completion dates required by the Agreement, which extension shall be the time period lost by reason of the Force Majeure.

*27. Entire Agreement*

This Agreement (including the Exhibits to this Agreement), the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede all other prior agreements and understandings, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement. In the event of any inconsistency between the statements in the body of this Agreement, the Confidentiality Agreement and the Company Disclosure Letter (other than an exception expressly set forth as such in the Company Disclosure Letter), the statements in the body of this Agreement will control.



### 28. *Authorized Persons*

CEE will provide a single login user name and password (together with any Client created user name and/or password, the “Credentials”) to Client for purposes of accessing CEE’s system (“Portal”) to obtain reporting regarding Client Loans. Client is encouraged to create its own unique Credentials for use in accessing the Portal promptly after receipt of Credentials from CEE. Client shall be solely responsible for the use and protection of the Credentials. Client agrees to maintain the confidentiality of the Credentials.

Client agrees that it shall be liable for all transactions initiated and authorized by means of the Credentials, whether or not actually authorized by the Client. Client further agrees that any person using the Credentials to access the Portal shall be deemed to be duly authorized by Client and such person using the Credentials shall be deemed to have full authority to act on behalf of Client. Client agrees to maintain a proper and complete log of individuals to whom it has provided access to Client portal and receipt of reports with respect to Client Loans or Client reports. Client shall promptly modify the Credentials in the event that any person to whom it has given the Credentials is no longer employed by or otherwise affiliated with Client.

Client shall appoint one or more officers or employees who are authorized to act on behalf of Client regarding this Agreement and the services provided by CEE hereunder (“Authorized Users”). CEE shall not be responsible for any correspondence with or access provided to any Authorized User. Client may add or remove Authorized Users by written notice to CEE. CEE may rely on any action taken by an Authorized User until an Authorized User’s authorization has been revoked by Client by written notice to CEE. CEE shall have a reasonable time to process any revocation received pursuant to this section.

Client’s agrees that the failure to protect Credentials may allow an unauthorized party to (i) use the services provided by CEE, (ii) access Client’s electronic communications and financial data, and (iii) send or receive information and communications on behalf of the Client. Unencrypted electronic transmissions are not secure, and Client assumes the entire risk for unauthorized use of Credentials and any unencrypted electronic transmissions. Client undertakes no obligation to monitor transactions initiated by valid Credentials to determine that they are made on behalf of or authorized by Client.

### 29. *Records*

Except to the extent otherwise required by Applicable Law, CEE shall retain all records relating to a Client Loan for at least one (1) year following termination of this Agreement or one (1) year from maturity or payoff of a Client Loan unless such documentation is requested by and delivered to Client at an earlier date. The records will be maintained in either hard copy or machine-readable (electronic) format. In the event CEE is no longer in existence, its successor shall continue to retain such records as provided above or deliver the records to Client.

### 30. *Deconversion*

In the event of termination of this Agreement, CEE will continue to service all existing Client Loans at the time of termination, at the fees in place at the time of termination. If Client desires to

transfer the duties under this Agreement to a new servicer, CEE agrees to provide Client with electronic copies of the Client Loan records in CEE's standard format at the current rate being charge on a per loan charge by CEE, as well as any additional time charged on a per hour basis.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written below.

**CENTER FOR ENERGY AND ENVIRONMENT**

**ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

By \_\_\_\_\_  
[Insert Name]  
Its: \_\_\_\_\_

By \_\_\_\_\_  
Patrick Trudgeon  
Its: Executive Director

## LOAN SERVICING AGREEMENT

## Exhibit A: Duties of Servicer

**NEW LOAN SET UP****Loan Boarding**

CEE will board the loan upon origination into CEE's servicing system. For any unsecured loan, CEE will board the new loan within three (3) Business days of origination. For any secured loan, CEE will board the new loan within three (3) Business days after the expiration of the right of rescission. CEE will confirm the funding pool and assure that the new loan draws off the correct pool.

For purposes of this Agreement, "business days" means calendar days other than weekends, official federal holidays, and non-banking holidays.

**Reporting**

CEE will report every loan to at least one of the three major credit agencies upon inception as it may designate in its sole discretion.

**Quality Control Review**

The loan and ACH entry instruction will be reviewed prior to activation to verify the servicing system matches the terms of the promissory note and any other programmatic requirements per the documents submitted.

**Welcome Letter**

A welcome letter will be sent to borrowers within five (5) business days after boarding. This letter shall include the toll free customer service number as well as an email address that is available for borrowers to use should they have a question regarding their loan. Customer service is available from 8:00 AM to 4:30 PM Central Time, on "business days". An automatic ACH enrollment form is included in the letter for borrowers to complete and return to CEE if they would like recurring payments to be initiated automatically by CEE. The letter will also contain instructions for borrowers to receive access to the online loan portal where they have access to all their loan information and ability to make payments.

**STANDARD SERVICING –AMORTIZING/DEFERRED****Billing**

Borrowers with loans that have regularly scheduled payments will receive billing statements on a monthly basis or other appropriate frequency based on terms of the promissory note.

**Collection of Loan payments**

CEE shall collect payments of principal, interest and any appropriate fees. CEE shall confirm the application of payments to be consistent with the loan documents as part of ongoing due diligence.

### **Customer Service**

CEE shall provide customer service to borrowers from 8:00AM – 4:30 PM Central Time on “business days”. The customer service team is available through the toll free phone number or email at [loanservicing@mncee.org](mailto:loanservicing@mncee.org). Borrowers will receive a response within five (5) business days following a question submitted to CEE. Borrowers are able to view loan information on the loan portal as well as schedule payments.

### **Past Due Collections**

CEE will make reasonable efforts to maintain loans in a current status and will deal promptly with those which are delinquent in accordance with the Collection Activity section below. CEE will process loan defaults as directed by Client.

### **Reporting**

CEE will provide standard monthly reporting for the prior month’s activities to Client no later than the 10th business day of each month. The standard reports are as listed:

- Loan Trial Balance
- Aged Delinquency
- Principal and Interest Collections
- New Loan
- Paid Loan
- Fee Scheduled
- Fee Earned

Special reports may be added at an additional cost for programming. (See Exhibit B for pricing)

### **IRS Reporting**

CEE shall provide borrowers with the required IRS annual tax reporting.

### **Funds Remittance**

CEE shall remit collected funds less servicing and other applicable fees and any late charges assessed to borrower by the 10th business day of the month. Late charges will be retained by CEE. Funds will be remitted via ACH. An invoice will be distributed detailing the servicing fees. CEE shall remit such funds by means of ACH or other electronic funds transfer to an account designated by Client.

## **COLLECTION ACTIVITY**

### **Early Delinquency**

CEE will make reasonable efforts to maintain loans in a current status and will make reasonable periodic efforts to contact borrowers who are delinquent, in order to encourage payment. Such efforts will be limited to those loans that are no more than 90 days past due.

- CEE will follow customary, usual and prudent business practices in servicing delinquent loans.
- CEE will send delinquency letters for loans 31- 60 days past due.
- CEE will continue sending letters and begin phone calls for loans 61-90 days past due.

### **Late Delinquency**

CEE will make reasonable efforts to contact Borrowers, solicit payments, and return loans to a current status, where the loan has reached 90 or more days past due, in order to encourage payment.

- CEE will follow customary, usual and prudent business practices in servicing delinquent loans.
- CEE will send formal default letters for loans reaching 120 or more days past due.
- CEE shall continue phone calls to borrower at 90 days past due.
- After 120 days past due, Client shall determine next steps and CEE shall have no obligation to take further action regarding delinquent loans until directed by Client.

## **DEFAULT MANAGEMENT**

Client shall be solely responsible for declaring a loan to be in default, and determining whether a loan is to be charged-off.

### **Loan Modifications**

CEE shall respond to Client or Borrower requests for modifications to their loan terms, including Repayment Plans, Forbearance Agreements, Deferments, Extensions, Short Sales (Pre-Foreclosure Sales), or Negotiated Releases of collateral, obligors or guarantors (each a “Loan Modification”).

CEE shall make no decisions independent of the Client. Client shall have final approval of any Loan Modifications, unless Client has instructed CEE in writing that it may approve Loan Modifications pursuant to criteria established by Client.

CEE will follow customary, usual and prudent business practices in its review and processing of Loan Modifications, and keep Client informed of the status of such requests.

Both Client and CEE recognize that time is of the essence in responding to and approving or declining Loan Modification requests.

CEE shall monitor Borrowers for compliance with the terms of the loan modification and make such changes to the loan record as required by the modification terms.

### **Special Servicing**

CEE shall perform special servicing actions and steps at the direction of the Client for loans subject to formal legal proceedings, including Bankruptcy, Foreclosure, Deed-in-lieu of Foreclosure, Collections suits, Repossession, and Charge-offs involving either an obligor(s) or guarantor(s).

CEE shall make no decisions or take actions independent of the Client, who shall have final say in approval of any Special Servicing actions (other than routine steps taken to protect or preserve Clients interests), unless Client has instructed CEE in writing that it may approve and take such actions.

CEE must employ staff with expertise in the above areas and maintain compliance with all applicable regulations.

CEE will follow customary, usual and prudent business practices in its review, processing, and management of Special Servicing of Client loans, and keep Client informed of the status of loans subject to Special Servicing.

Both Client and CEE recognize that time is of the essence in responding to and approving or declining Special Servicing Actions.

CEE shall monitor Borrowers who are subject to Special Servicing, consistent with the governing legal proceedings or requirements, and make such changes to the loan record as required to reflect the Special Servicing requirements. With respect to Bankruptcy, the Special Servicing shall include Filings, Proof of Claim, Repayment Plan setup and monitoring, and discharge/completion processing. (See Exhibit B for pricing)

### **Other Servicing**

CEE shall perform the following additional servicing actions and steps for loans as requested by Client. CEE will follow customary, usual and prudent business practices in providing these services. The Client shall bear all of CEE's out of pocket costs for third parties related to these items. CEE will notify Client of the potential out of pocket costs prior to performing any of the additional actions.

- REO Marketing
- Insurance Inspections
- Default Inspections
- Property Valuation or Appraisal
- Property Preservation and security

## **SUBORDINATION PREPARATION**

CEE will review subordination requests in accordance with the Client's subordination program requirements. Subordinations will be forwarded to the Client for signature if request meets the program requirements. Fees related to the subordination are paid by borrowers.

## **MORTGAGE SATISFACTION PREPARATION**

### **Loan Payoffs**

CEE will process loan payoffs, issue payoff statements as requested by authorized individuals within 30 calendar days and remit funds to Client. CEE shall draft mortgage satisfactions ("Satisfaction") within 30 calendar days after loan is paid in full to ensure funds received are cleared. The Satisfaction is then sent to client for signature. CEE shall provide instructions to borrowers as to how to properly record the Satisfaction. In the event that \$5 (five dollars) or less of principle balance remains, CEE and Client will not attempt to collect the remaining fee and will consider the loan as satisfied.

## **FINAL/SPECIAL PROCESSING TRANSACTIONS**

CEE shall charge additional fees in special circumstances such as a charge-off, foreclosure, servicing release, or any other transaction that is processed on a loan that is not paid in full but is no longer an active loan on the servicing system. This does NOT include processing a paid in full transaction.

## LOAN SERVING CONTRACT

## Exhibit B: Pricing Schedule

Activity	Description	Pricing
New Loan Setup	Loan Boarded to servicing system and quality control review, welcome letter	\$ 20.00 one-time fee per loan
Standard Servicing Activities – Amortizing Loans	Payment processing, billing notices, customer service, investor reporting, early collections	\$6.00 per loan per month
Standard Servicing Activities-Deferred Loans	Payment processing, customer service, investor reporting	\$0 per loan per month
Collection Activity	Collection Work for loans past due 15-90 days	\$3.00 per loan per month on all amortizing loans
Default Management	Example of activities: Repayment Plan, Forbearance Agreement, Deferment, Extension	\$80.00 per hour plus any charges that may be incurred from 3 <sup>rd</sup> party vendor.
Subordination Preparation	Review request and Prepare subordination document	\$150.00 per request (Borrower Paid)
Mortgage/Deed of Trust Satisfaction Preparation	Create mortgage/deed of trust satisfaction (excludes recording / filing fees)	\$30.00 one-time fee per loan
Final /Special Processing Transaction	For Charge-off, foreclosure, service release, loans not paid in full but no longer active on the servicing system	\$25.00 per transaction
Conversion/On-Boarding	Boarding Loans previously serviced by a different company	\$20.00 one-time fee per loan

## Optional/Additional Services

Special Report Programming	Special report creation not included in standard report package	\$150.00 one time fee per report
Special Reporting Distribution	Monthly maintenance for special reports created for distribution	\$75.00 one time fee per report
Special Project work	Special requests, such as assistance in audit preparation, special mailings etc...	\$80.00 per hour plus any charges that may be incurred from 3 <sup>rd</sup> party vendor.
Non Standard Servicing Activities	Any additional activities required for servicing a loan not specified in contract	\$80.00 per hour, fee will be set based on time to complete task on a regular basis