

**EDA Members:**

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



**Economic Development  
Authority  
Meeting Agenda  
Monday, May 13, 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, Groff, Etten, Laliberte, and Roe
2. Pledge Of Allegiance
3. Approve Agenda
4. 6:02 P.M. Public Comment
5. Business Items (Action Items)
  - 5.A. 6:05 PM Consider Request For Tax Increment Financing Assistance For 2720 Fairview Avenue (Reuter Walton)  
  
Documents:  
  
[5A REPORT AND ATTACHMENTS.PDF](#)
  - 5.B. 6:35 PM Consider Request For Community Development Block Grant Funds (CDBG) For 3080 Old Highway 8 (Roseville Edison II, LLC)  
  
Documents:  
  
[5B REPORT AND ATTACHMENTS.PDF](#)
  - 5.C. 7:05 PM Consider Request For Community Development Block Grant Funds (CDBG) For 2680 Prior Avenue N (Schafer Richardson)  
  
Documents:  
  
[5C REPORT AND ATTACHMENTS.PDF](#)
6. 7:30 P.M. Adjourn



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: May 13, 2019  
Item No.: 5.a

Department Approval

Executive Director Approval

*Janice Gundlach*

*Paul Truog*

Item Description: Consider Request for Financial Assistance for Redevelopment of 2720 Fairview AVE N for 117 Units of Market Rate Rental Housing and 40,000 SF of Office

**BACKGROUND**

The subject property is located in the Twin Lakes Redevelopment area and is currently used for temporary storage of trailers. The property once operated as a trucking terminal. Reuter Walton is proposing to redevelop this blighted property into 117 units of market rate rental housing and 40,000 SF of office space (Attachment A). Tareen Dermatology, which is currently located at 1835 County Road C has outgrown its current office and would like to grow their business into 20,000 SF on the main floor of the purposed office building.

Tareen Dermatology has 3 locations in the Twin Cities metro area – Roseville, Maplewood, and Faribault. Tareen has operated in Roseville since 2011 and has experienced substantial growth of its client base. As a result, Tareen is looking to expand its office space and build a new Class A office building on the south half of 2720 Fairview Ave. Tareen opened a 5,000 SF office in Maplewood last year to help meet demand, as they were unable to expand at their current Roseville location. Tareen currently has 60 employees in their Roseville office, with salaries ranging from \$35,000 annually to \$300,000. Job types include administrative staff, clinical laboratory technicians, nurses, physician assistants, and medical doctors. If Tareen expands to 2720 Fairview, they will add 40 additional employees and additional square footage devoted to general expansion space, a pathology lab, and a central business office. The proposed new office would become the headquarters for their other facilities, and absorb central accounting and other administrative functions at their other two locations. This project would allow for an existing Roseville business to be retained and expand.

Reuter Walton Development is also proposing a 5-story apartment building with one floor of underground parking on the North half of the site. They are proposing a high-end amenity package that would be considered luxury level with regard to finishes. Roseville has not had a new market rate apartment building built in over 25 years. The Maxfield Research Comprehensive Housing Needs Assessment, which was completed in October 2018, identified market rate general occupancy rental housing as one of the top eight priorities for Roseville (page 150 of Recommendations and Conclusions from the report, Attachment B). In addition, the report identified prioritizing mixed-use redevelopment sites (page 151). The report also noted that costs of construction, compared to minimum average rents per square foot, would generate a need to provide public finance support for construction of all new market rate rental housing (page 147).

35 Mohiba Tareen, owner of Tareen Dermatology and Kyle Brassler from Reuter Walton Development will  
36 attend the EDA meeting and provide additional information on the development project (Attachment  
37 C).

38

39 **REQUEST FOR ASSISTANCE**

40 The development team of Tareen Dermatology and Reuter Walton Development is seeking  
41 Redevelopment Tax Increment Financing (TIF) to assist with redeveloping the site. In the initial due-  
42 diligence stage of the property acquisition, the developer has identified the following costs associated  
43 with getting the site prepared for construction.

Hazardous Material Abatement	\$50,000
Demolition of Building	\$100,000
Contaminated Soils	\$150,000
Structural Soil Corrections	\$450,000
Total	\$750,000

44 In addition, the developer intends to plat the property, triggering Park Dedication requirements. If a  
45 park dedication payment is chosen instead of land dedication, the apartment portion of the site would  
46 generate \$468,000. This is also an additional development cost for the developer. In order to assist with  
47 the redevelopment of the site, the Developer is requesting 15 years of TIF for the housing portion of the  
48 development and 8 years of TIF for the office (Attachment D). This equates to approximately \$2.5  
49 million of public subsidy for the market rate housing, which will be used to offset some of the costs for  
50 soil corrections, construction costs, and customary development fees. The office subsidy equates to  
51 approximately \$530,000, which will offset costs associated with soil corrections, and construction costs  
52 for building a Class A office. Lastly, staff would note this site is located in the Twin Lakes  
53 Redevelopment Area that has been identified as a priority redevelopment area for the City in accordance  
54 with the City’s Policy Priority Plan.

55 Ehlers, the REDA public finance advisor, has reviewed the public finance request and has deemed the  
56 request for public subsidy meets the “but-for” test and substantially meets the REDA policy objectives  
57 for TIF (Attachment E). If the REDA supports this redevelopment concept, staff would work with  
58 Ehlers to start the public process in regards to the blight analysis/report and notices for public meetings  
59 to establish a Redevelopment TIF District.

60

61 **STAFF RECOMMENDATION**

62 Staff recommends adopting a resolution expressing support for creating a Redevelopment Tax  
63 Increment Financing District for 2720 Fairview Ave (Attachment F) based upon the following:

- 64 • The proposed project adds 117 units of market rate multi-family housing, which has been  
65 identified as the single greatest housing unit need in the 2018 Housing Needs Assessment
- 66 • The proposed project would retain an existing Roseville business and provide opportunities for  
67 this business to expand and add 40 additional jobs
- 68 • Review of the project’s sources and uses reveals a gap in funding, passing the “but-for” test,
- 69 • The project meets four of six of the City’s objectives and six of 12 of the City’s desired  
70 qualifications as outlined in the City’s Public Assistance Policy
- 71 • The project would remediate an environmentally-blighted property, and
- 72 • The project is located in Twin Lakes, which has been identified as a priority redevelopment area  
73 in accordance with the City’s Policy Priority Plan

74

75 **REQUESTED REDA ACTION**

76 Motion to adopt a resolution expressing support for creating a Redevelopment Tax Increment Financing  
77 District for 2720 Fairview Ave. (Attachment F).

78

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

Attachment A: Concept site plan

B: Recommendations and Conclusions from Maxfield Research Comprehensive Housing Needs Assessment

C: PowerPoint Presentation

D: Summary of underwriting from Ehlers

E: Public Subsidy Policy

F: Resolution of support



**RESIDENTIAL DATA:**

BELOW GRADE GARAGE	47,852 SF
MAIN FLOOR	22,975 SF
2ND FLOOR	22,975 SF
3RD FLOOR	22,975 SF
4TH FLOOR	22,975 SF
5TH FLOOR	22,975 SF
TOTAL	162,767 SF

	1ST	2ND	3RD	4TH	5TH	UNITS	BDRMS
ST	4	4	4	4	4	20	(20)
1 BR	8	9	9	9	9	44	(44)
1+ BR	4	5	5	5	5	24	(24)
2 BR	3	4	4	4	4	19	(38)
3 BR	2	2	2	2	2	10	(30)
TOTAL:	21	24	24	24	24	117	(156)

ENCLOSED SURFACE PROVIDED	135 STALLS
	58 STALLS
	193 STALLS

**TYPICAL UNIT SIZES:**

EFF.	629 SF
1 BDRM	706 SF
1 BDRM + DEN	844 SF
2 BDRM	1061, 1001 SF
3 BDRM	1327, 1458 SF

**COMMERCIAL DATA:**

MAIN FLOOR	20,000 SF
2ND FLOOR	20,000 SF
TOTAL	40,000 SF

**PARKING:**

REQ'D: 1:250 GFA =	162 STALLS
SUGGESTED: 4.5:1000 =	180 STALLS
PROVD	186 STALLS



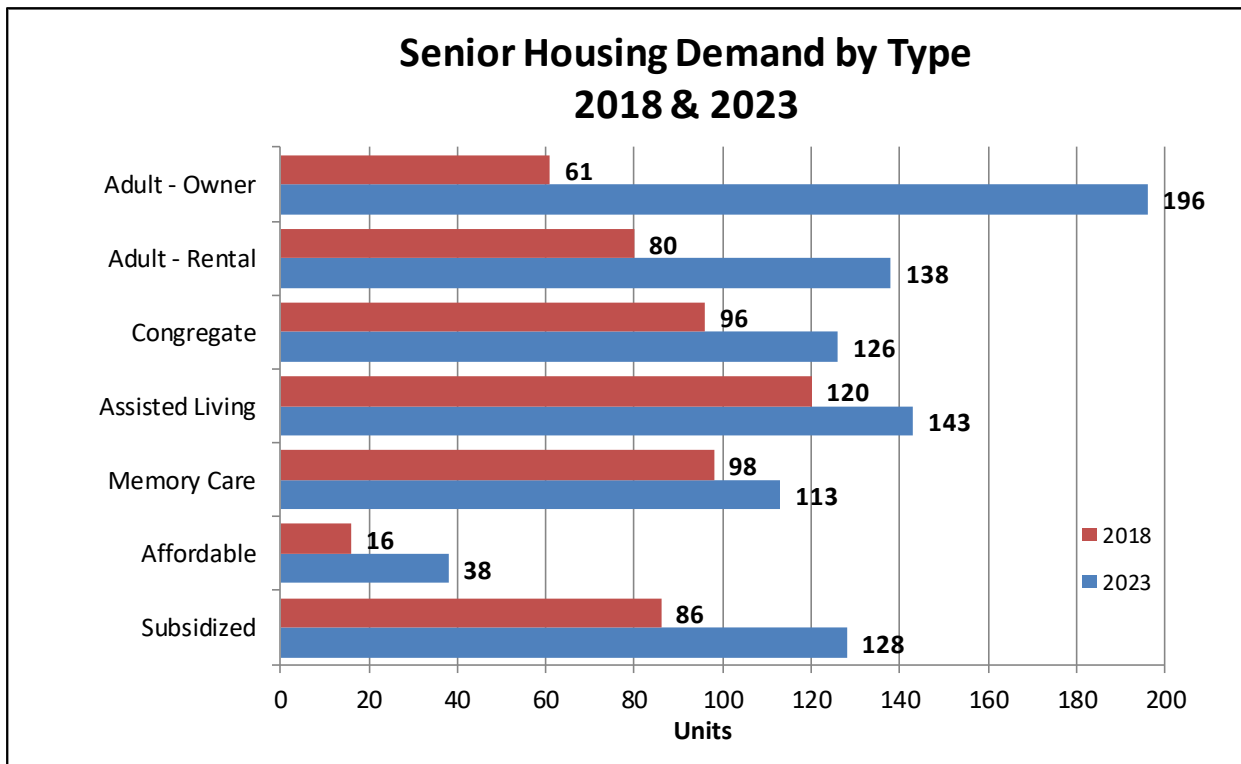
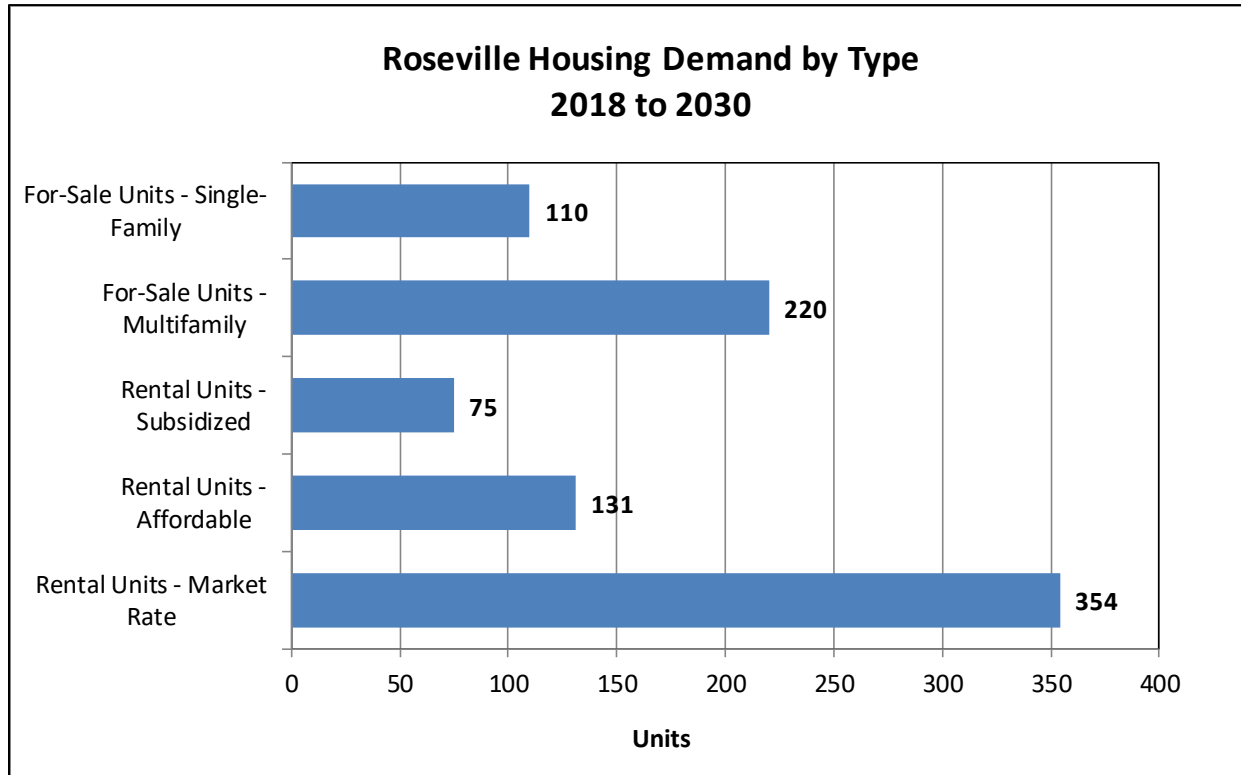
## RECOMMENDATIONS AND CONCLUSIONS

### 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.

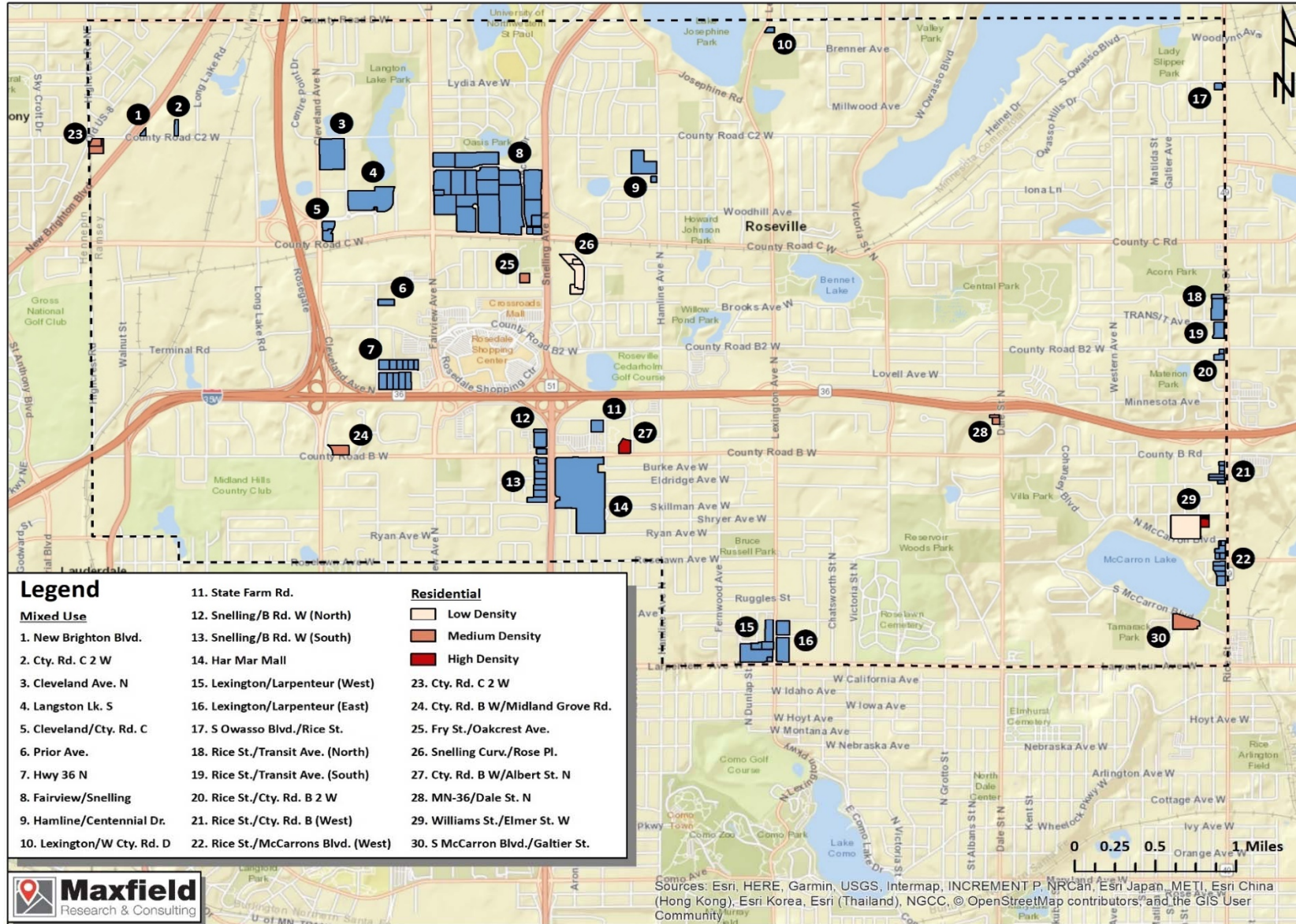
The following map shows individual parcels and clusters of parcels across the City where housing could be developed as part of the current zoning or 2040 Land Use Zoning. The map highlights parcels with mixed use zoning and those with residential zoning (low-, medium and high-density).

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; 04292340014; 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

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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).

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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

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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.

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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.***



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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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### 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.

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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-

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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.

# 2720 Fairview Avenue

REUTER **WALTON**  
DEVELOPMENT















REUTER WALTON  
DEVELOPMENT

# REUTER WALTON

- Founded in 1979
- Twin Cities' 3<sup>rd</sup> largest developer (2018)
- 25+ ground-up developments since 2000s
- Diverse portfolio of projects
  - Multi-family
  - Commercial
  - Mixed-use
  - Student housing
  - Hospitality
- Resources and expertise include:
  - Site selection & acquisition
  - Site analysis and financial feasibility
  - Complex entitlement matters
  - Diverse financing tools
  - In-house award-winning construction company
  - Construction management and supervision



## AMBITION

In 1979, Reuter Walton started as a custom home builder. Since then, the company has added commercial and development divisions and has become a leader in both industries. Reuter Walton has **completed** over 25 developments.

## VERSATILITY

Our multifaceted team specializes in site analysis, financial feasibility, entitlements, financing, and construction, ensuring that we can provide hands-on service to meet the unique needs of every project.

## PERSONAL COMMITMENT

We source the best talent and operate locally within the communities we serve in order to provide an exceptional experience that protects the interests of our clients

# PROJECT EXPERIENCE



# REVEL APARTMENTS / LAKE ST. TARGET



1300 West Lake Street, Minneapolis

- 125 Apartment Units
- 20,000 Square Feet of Retail
- 200,000 square feet
- Target Anchors Ground Floor



- Highly Amenitized

# MEZZO APARTMENTS



1331 Marshall Street NE, Minneapolis

- 110 Apartment Units
- 109,000 Square Feet
- In the Heart of Northeast
- Easy access to downtown
- Highly Amenitized



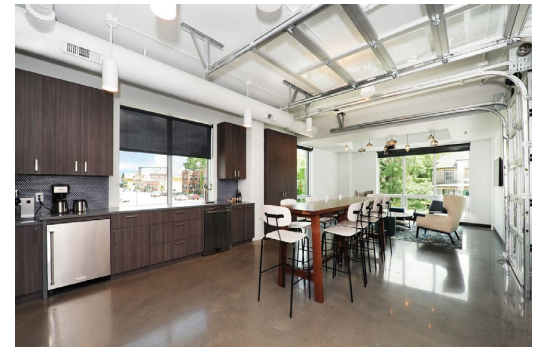
# RED44 APARTMENTS



839 16<sup>th</sup> Street SW, Rochester

- 159 Apartment Units
- 215,000 Square Feet
- Riverfront Views
- Shuttle service to Mayo Clinic
- Highly amenitized

# SEVENTEEN10 BUILDING



1710 W Lake Street, Minneapolis

- Class A mixed-use in Uptown
- 11,000 SF of office and retail
- 7 large apartment homes



# 16TWENTY BUILDING



1620 W Lake Street, Minneapolis

- Class A mixed-use in Uptown
- 12,800 SF of office and retail
- 6 large apartment homes

**2720 FAIRVIEW AVENUE  
PROPOSAL**



# AERIAL – 2720 FAIRVIEW AVE





# PROPOSED SITE





**RESIDENTIAL DATA:**

BELOW GRADE GARAGE	47,852 SF
MAIN FLOOR	22,975 SF
2ND FLOOR	22,975 SF
3RD FLOOR	22,975 SF
4TH FLOOR	22,975 SF
5TH FLOOR	22,975 SF
TOTAL	162,767 SF

	1ST	2ND	3RD	4TH	5TH	UNITS	BDRMS
ST	4	4	4	4	4	20	(20)
1 BR	8	9	9	9	9	44	(44)
1+ BR	4	5	5	5	5	24	(24)
2 BR	3	4	4	4	4	19	(38)
3 BR	2	2	2	2	2	10	(30)
TOTAL:	21	24	24	24	24	117	(156)

ENCLOSED SURFACE PROVIDED	135 STALLS
	58 STALLS
	193 STALLS

**TYPICAL UNIT SIZES:**

EFF.	629 SF
1 BDRM	706 SF
1 BDRM + DEN	844 SF
2 BDRM	1061, 1001 SF
3 BDRM	1327, 1458 SF

**COMMERCIAL DATA:**

MAIN FLOOR	20,000 SF
2ND FLOOR	20,000 SF
TOTAL	40,000 SF

**PARKING:**

REQ'D: 1:250 GFA =	162 STALLS
SUGGESTED: 4.5:1000 =	180 STALLS
PROVD	186 STALLS





# INSPIRATION - HOUSING





# INSPIRATION – MEDICAL OFFICE



CONCEPT IMAGES



# Memo

**To:** Jeanne Kelsey  
**From:** Stacie Kvilvang - Ehlers  
**Date:** May 7, 2019  
**Subject:** Analysis of Request for Assistance – Reuter Walton Development: 2720 Fairview Avenue

The City received a proposal from Reuter Walton Development to redevelop the above referenced property into approximately 117 market rate apartments and 40,000 sq/ft of medical office. The project includes demolition of the existing structures, environmental remediation and significant soil corrections. Overall total development costs (TDC) are approximately \$29.4 million for the apartments and \$13 million for the office and the project is expected to commence in 2019.

Because of the increased costs associated with redevelopment of the property, the developer requested approximately \$4.25 million in assistance from the City in the form of a pay-as-you-go (PAYGO) TIF Note (\$3.5 for the apartments and \$750,000 for the office).

Ehlers conducted a thorough review of the developer’s budget and operating pro forma for both components to ensure all development costs, anticipated revenues, and expenditures are within industry standard. Overall, our conclusion is the apartments require \$2.5 or 15 years of TIF and the office component requires \$530,000 or 8 years of TIF. Below are the tables for each component depicting the proposed sources for the projects.

### 117 Market Rate Apartments

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	18,073,566	61%	154,475
TIF Note	2,500,000	9%	21,368
Equity	8,817,242	30%	75,361
<b>TOTAL SOURCES</b>	<b>29,390,808</b>	<b>100%</b>	<b>251,203</b>

### 40,000 Sq/Ft Medical Office

SOURCES			
	Amount	Pct.	Per Sq/Ft
First Mortgage	9,254,021	71%	231
TIF Note	530,000	4%	13
Equity	3,261,340	25%	82
<b>TOTAL SOURCES</b>	<b>13,045,361</b>	<b>100%</b>	<b>326</b>



As noted in the tables on the previous page, the developer is proposing permanent financing for 70% for the apartments and 75% on the office (first mortgage plus TIF Note) and will bring the remaining in equity, or approximately \$12 million. These financing structures are in line with typical apartment and office projects. The TIF amount is 9% of the total financing for the apartments and only 4% for the office, which is within what we typically see in other redevelopment projects (range of 5% to 10%).

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

### 117 Market Rate Apartments

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	2,070,000	7%	17,692
Construction Costs	23,372,027	80%	199,761
Environmental Abatement/Soil Correction	200,000	1%	1,709
Professional Services	1,430,000	5%	12,222
Financing Costs	1,143,781	4%	9,776
Developer Fee	875,000	3%	7,479
Cash Accounts/Escrows/Reserves	300,000	1%	2,564
<b>TOTAL USES</b>	<b>29,390,808</b>	<b>100%</b>	<b>251,203</b>

### 40,000 Sq/Ft Medical Office

USES			
	Amount	Pct.	Per Sq/Ft
Acquisition Costs	1,380,000	11%	35
Construction Costs	8,950,000	69%	224
Environmental Abatement/Soil Correction	750,000	6%	19
Professional Services	925,000	7%	23
Financing Costs	638,361	5%	16
Developer Fee	402,000	3%	10
<b>TOTAL USES</b>	<b>13,045,361</b>	<b>100%</b>	<b>326</b>

Land costs of \$17,692 (60% of the site area) is high for market rate projects (typically \$8,000 to \$15,000 dependent upon location) and \$14 sq/ft for the land (40% of the site) can be considered in line with typical costs for an office project within this market (the \$35 sq/ft noted above is per sq/ft of building). The cost of construction for both projects is in line with what we typically see and the soil correction costs are noted in the office portion. The developer fee for each component is in line with industry standards of 3% to 5% (they reduced it on both components per our request).

To determine if a project is “financially feasible”, there are typically two (2) measures of return on investment for users. The first is a cash-on-cash (net cash divided by equity) and the second is a cash-on-cost (NOI divided by TDC). Most apartments want to have a cash-on-cash return of 8% to 10% and most medical office projects like to achieve a cash-on-cost return of 8% to 9%. Rents for the apartments are approximately \$1.93 sq/ft which would be the highest rent achieved in Roseville and at the higher end of what we see in typical suburban markets that are emerging. For the office the rents are \$25NNN for a signed lease and \$23NNN for the remaining 50% of the building and are in line with what we see for medical office within the Metropolitan Area.

As noted in the tables below, the cash-on-cash return for the apartments **with TIF is 4.0%** and without is only 1% at stabilization and grows to 10.8% and 7.8% respectively by year 15. Likewise, for the office, the cash-on-cost return in the stabilized year **7.93% with TIF** and 7.22% without TIF. Based upon this, we have determined the term of TIF necessary to assist the projects to get to projected returns.

### 117-Unit Apartment

	Stabilized Year	
	Year 1	Year 15
<b>Income</b>		
Effective Gross Income (EGI)	2,380,748	3,139,316
<b>Expenses</b>		
Total Expenses	828,214	982,268
<b>NET OPERATING INCOME</b>	1,552,534	2,157,048
Tax Increment Financing Revenue	<i>Inflator:</i> 266,973	266,973
<b>ADJUSTED NET OPERATING INCOME</b>	1,819,506	2,424,021
Total Debt Service	1,468,675	1,468,675
Net Cash to Developer	350,832	955,346
<b>Cash on Cash Annual Return</b>	4.0%	10.8%
<b>Cash on Cash Annual Return (w/o TIF assistance)</b>	1.0%	7.8%

### 40,000 Sq/Ft Medical Office

	Stabilized Year					
	Year 1	Year 2	Year 3	Year 4	Year 8	Year 9
<b>Income</b>						
Effective Gross income	563,724	680,568	813,826	952,141	1,030,628	1,051,241
<b>Expenses</b>						
<b>TOTAL EXPENSES</b>	10,000	10,000	10,000	10,000	10,000	10,000
<b>NET OPERATING INCOME</b>	553,724	670,568	803,826	942,141	1,020,628	1,041,241
<b>TIF PAYMENTS</b>	91,897	91,897	91,897	91,897	91,897	0
<b>ADJUSTED NET OPERATING INCOME</b>	645,621	762,465	895,723	1,034,038	1,112,525	1,041,241
Debt Service - Series A	531,104	703,566	703,566	703,566	703,566	703,566
<b>NET CASH TO DEVELOPER</b>	114,517	58,899	192,156	330,472	408,959	337,675
<b>CASH ON COST RETURN - With TIF</b>	4.95%	5.84%	6.87%	7.93%	8.53%	7.98%
<b>CASH ON COST RETURN - Without TIF</b>	4.24%	5.14%	6.16%	7.22%	7.82%	7.98%

## Recommendations

We recommend having lookback provisions in each of the agreements that will review the projects for actual TDC, rents, expenses and returns once they are completed and stabilized and possibly at sale within a certain period of time. This allows us to determine if the assistance should remain the same or be reduced based upon actual costs, rents, etc., since at this time most of these items have not been finalized.

We reviewed the requests in light of your public assistance policy. Based upon that, the proposed developments meet the following four (4) of the six (6) 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. 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).
4. Retain local jobs and/or increase the number and diversity of quality jobs

The two (2) City objectives not met are to encourage other unsubsidized spin-off development (hard to state factually this will happen) 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 four (4) of the City's objectives, it meets the following six (6) 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. Attracts or retains a significant employer within the City
4. Promotes multi-family housing development
5. Provides opportunities for corporate campus or medical office development
6. Redevelops a blighted, contaminated and/or challenged site

The six (6) goals it does not meet include:

1. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
2. Not a hi-tech office or R & D facility
3. Not a small business (2 objectives for this)
4. Doesn't add needed road improvements (non required) or multi-modal transportation; and
5. Doesn't add project specific enhancements (at this time)

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. Due to the costs associated with redeveloping the property, a market return on investment cannot be obtained without assistance, in part, from City contributions.

The developer 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.



**City of Roseville and  
Roseville Economic Development Authority  
Public Financing Criteria and Business Subsidy Policy  
Adopted October 17, 2016**

**INTRODUCTION:**

This Policy is adopted for purposes of the business subsidies act, which is Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Statutes”). Terms used in this Policy are intended to have the same meanings as used in Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the city commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development on job and wage goal progress.

**1. PURPOSE AND AUTHORITY**

- A. The purpose of this document is to establish criteria for the City of Roseville and the Roseville Economic Development Authority (“EDA”) for granting of business subsidies and public financing for private development within the City. As used in this Policy, the term “City” shall be understood to include the EDA. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies and/or City public financing.
- B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes. The City may choose to apply its Business Subsidy Criteria to other development activities not covered under this statute. City public financing may or may not be considered a business subsidy as defined by the Statutes.
- C. Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

- D. These criteria are to be used in conjunction with other relevant policies of the City. Compliance with the Business Subsidy Criteria and City Public Financing Guidelines shall not automatically mean compliance with such separate policies.
- E. The City may deviate from the job and wage goals criteria outlined in Section 5 D and E below by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.
- F. The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

## **2. CITY'S OBJECTIVE FOR THE USE OF PUBLIC FINANCING**

- A. As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish one or more of the following 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.
  6. Retain local jobs and/or increase the number and diversity of quality jobs
  7. Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

## **3. PUBLIC FINANCING PRINCIPLES**

- A. The guidelines and principles set forth in this document pertain to all applications for City public financing regardless of whether they are considered a Business Subsidy as defined by the Statutes. The following general assumptions of development/redevelopment shall serve as a guide for City public financing:

1. All viable requests for City public financing assistance shall be reviewed by staff, and, if staff so designates, a third party financial advisor who will inform the City of its findings and recommendations. This process, known as the “But For” analysis is intended to establish the project would not be feasible but for the City assistance.
2. The City shall establish mechanisms within the development agreement to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to:
  - a. Third party “but for” analysis
  - b. Establishment of “look back provisions”
  - c. Establishment of minimum assessment agreements
3. TIF and abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.
4. The City will set up TIF districts in accordance with the maximum number of statutory years allowable. However, this does not mean that the developer will be granted assistance for the full term of the district.
5. The City will elect the fiscal disparities contribution to come from inside applicable TIF district(s) to eliminate any impact to the existing tax payers of the community.
6. Public financing will not be used to support speculative commercial, office or housing projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements which support the market potential/demand for the proposed project.
7. Public financing will generally not be used to support retail development. The City may consider projects that include a retail component provided they meet a Desired Qualification as identified in Section 4.2.C(8) of this policy.
8. Public financing will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of public subsidies. Developers should provide information to support that assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.
9. Public financing will not be used in a project that involves a land and/or property acquisition price in excess of fair market value.
10. The developer will pay all applicable application fees and pay for the City and EDA’s fiscal and legal advisor time as stated in the City’s Public Assistance Application.

11. The City will not consider waiving fees including, but not limited to, building permit fees, park dedication fees, SAC charges, and planning and zoning application fees. The City may consider using SAC credits, to the extent they are available, to off-set a project's SAC expenses.
12. The developer shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.
13. All developments are subject to execution and recording of a Minimum Assessment Agreement.

#### **4. PROJECTS WHICH MAY QUALIFY FOR PUBLIC FINANCING ASSISTANCE**

- A. All new applications for assistance considered by the City must meet each of the following minimum qualifications. However, it should **not** be presumed that a project meeting these qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance.

##### **4.1 MINIMUM QUALIFICATIONS/REQUIREMENTS:**

- A. In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financing objectives outlined in Section 2.
- B. The developer must demonstrate to the satisfaction of the City that the project is not financially feasible "but for" the use of tax increment or other public financing.
- C. The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.
- D. Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.
- E. The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.
- F. Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.



- G. The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

#### **4.2 DESIRED QUALIFICATIONS:**

- A. Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer.
- B. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.
- C. Proposals that encourage the following will receive priority consideration:
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. Attracts or retains a significant employer within the City
  4. Promotes multi-family housing investment that meets the following City goals:
    - a. Extensive rehabilitation of existing multi-family housing stock
    - b. Demonstration of need for the type of multi-family housing proposed through a market study or other reliable market data.
    - c. Multi-family workforce housing proposals that include amenities similar to those found in market rate housing
    - d. Workforce housing proposals that consider innovative and alternative forms of development and do not include high-rise buildings
  5. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
  6. Provides opportunities for corporate campus or medical office development
  7. Provides opportunity for hi-tech, med-tech, R & D facilities/office or major manufacturer
  8. Provides opportunities for small businesses (under 50 employees) that are non, start-up companies
  9. Provides opportunities for small businesses that may enhance the quality of life within neighborhoods
  10. Redevelops a blighted, contaminated and/or challenged site



11. Adds needed road, access and multi-modal improvements
12. Addition of specific project enhancements including, but not limited to, architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features.

**5. BUSINESS SUBSIDY PUBLIC PURPOSE, JOBS AND WAGE REQUIREMENT**

- A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole.
- B. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- C. The creation of tax base shall not be the sole public purpose of a subsidy.
- D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least **3** Full Time, or Full Time Equivalent (FTE) jobs is a minimum requirement for consideration of assistance. For purposes of this Policy, FTE's must be permanent positions with set hours, and be eligible for benefits.
- E. The wage floor for wages to be paid for the jobs created shall be not less than 300% of the State of MN Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- F. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

**6. SUBSIDY AGREEMENT**

- A. In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the following information: wage and job goals (if applicable), commitments to provide necessary reporting data, and recourse for failure to meet goals required by the Statutes.
- B. The subsidy agreement may be incorporated into a broader development agreement for a project.
- C. The subsidy agreement will commit the recipient to providing the reporting information required by the Statutes.

**7. PUBLIC FINANCING PROJECT EVALUATION PROCESS**

- A. The following methods of analysis for all public financing proposals will be used:
1. Consideration of project meeting minimum qualifications
  2. Consideration of project meeting desired qualifications
  3. Project meets “but-for” analysis and/or statutory qualifications
  4. Project is deemed consistent with City’s Goals and Objectives

***Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.***

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

\* \* \* \* \*

Pursuant to due call and notice thereof, a special meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota was duly held on the 13th day of May, 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 THE CREATION OF A  
REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT AND EXPLORATION  
OF OTHER FINANCIAL ASSISTANCE REQUESTED IN CONNECTION WITH A  
PROPOSED MIXED-USE DEVELOPMENT AT 2720 FAIRVIEW AVENUE**

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, Reuter Walton Construction Inc. or an affiliate thereof (the "Redeveloper") has requested tax increment financing assistance in connection with Redeveloper's proposed redevelopment of an existing industrial facility located at 2720 Fairview Avenue in the City (the "Property"), in order to construct an approximately 40,000 square-foot office building and approximately 117 units of market rate rental housing on the Property (the "Improvements"); and

WHEREAS, the EDA supports the creation of a redevelopment tax increment financing district in connection with the Improvements, and is willing to explore tax increment and other financial assistance at a level to be determined, subject to a pro forma analysis by the EDA's municipal

46 advisor, to finance a portion of the extraordinary redevelopment costs  
47 of the Improvements.  
48

49 NOW, THEREFORE, BE IT RESOLVED, that subject to (i) further verification of  
50 Redeveloper's need for financial assistance and (ii) execution of a  
51 preliminary development agreement that provides for the negotiation  
52 of a definitive redevelopment contract addressing (among other  
53 things) the terms under which the Redeveloper will construct the  
54 Improvements on the Property, the conditions under which the EDA  
55 will provide financial assistance, and the potential sources of such  
56 financial assistance, the EDA agrees to explore the creation of a  
57 redevelopment tax increment financing district and to identify  
58 additional funds to finance a portion of the extraordinary costs of the  
59 Improvements in compliance with the TIF Act and the EDA Act.  
60

61  
62 The motion for the adoption of the foregoing resolution was duly seconded by Member

63  
64 , and upon a vote being taken thereon, the following voted in favor thereof:

65  
66 and the following voted against the same:

67  
68 WHEREUPON said resolution was declared duly passed and adopted.  
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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 special meeting thereof on May 13, 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 May, 2019.

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Patrick Trudgeon, Executive  
Director  
Roseville Economic Development  
Authority



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: May 13, 2019  
Item No.: 5.b

Department Approval

Executive Director Approval

*Janice Gundlach*

*Paul Truog*

Item Description: Consideration of a request for financial assistance for Roseville Edison II, LLC located at 3080 Old Highway 8

## BACKGROUND

On June 5, 2017 Sands Development, LLC presented a request to the Roseville Economic Development Authority (REDA) to build a 209 unit mixed-income rental housing development on a 8.71 acre residential site located south of County Road D on Old Highway 8 (Attachment A). At this meeting the developer was seeking financial support of Tax Increment Financing and Community Development Block Grant Funds (CDBG) (Attachment B). The REDA denied the request (Attachment C). Sands Development, LLC then pursued an application to Minnesota Housing for 9% Tax Credits and deferred loan funds as they had a financial commitment from Ramsey County for HOME funds, for which the REDA provided a resolution of support (Attachment D). In addition the REDA supported an application for Livable Community Demonstration Account (LCDA) grant funds to support environmental aspects of a multi-family residential project. The LCDA funds will be used to incorporate solar panels, solar car ports, storm water management, and a sidewalk (Attachment E).

During the due-diligence period of the Purchase Agreement, Sands Development, LLC discovered over \$2 million in soil remediation costs resulting from construction debris buried on the property. This presented a timing issue being they needed to identify additional funding for the environmental clean-up, yet they wanted to take advantage of the tax credit award for the 59 units of affordable housing. Based upon discussions with funding sources that could provide environmental clean-up funds, Sands Development, LLC chose to phase the construction and to build additional affordable units, which collectively could close the financial gap created by the discovered contamination. The REDA at the June 18, 2018 meeting supported Sands Development, LLC with applications for Tax Base Revitalization Account Funds (TBRA) from the Metropolitan Council (attachment F), Contamination Cleanup Grant Funds from the Department of Employment and Economic Development, and Environmental Response Funds (ERF) from Ramsey County (Attachment G). Lastly, at the April 22, 2019 meeting the REDA supported application to Ramsey County for HOME funds for the developer’s second phase (Attachment H).

Through these combined efforts, the REDA has helped Sands Development, LLC leverage the following resources to date:

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HOME Funds Phase 1	\$400,000
LCDA Funds for environmental aspects of the development	\$2,045,295
TBRA Grants Funds for Environmental Clean-up	\$633,000
DEED Funds for Environmental Clean-up	\$325,000
Ramsey County ERF Funds	\$350,000
HOME Funds Phase 2	\$50,000
<b>Total Funds Leveraged To Date</b>	<b>\$3,803,295</b>

35

36 **REQUEST**

37 Sands Development, LLC has submitted an application requesting \$295,000 of CDBG funds, an amount  
38 that represents 100% of the REDA’s CDBG balance. They are requesting that these funds be provided as a  
39 deferred loan for 40 years at a 0% interest rate. As with all requests for public finance assistance, REDA  
40 financial advisor Stacie Kvilvang of Ehlers reviewed the financial support request and has determined no  
41 additional financial assistance is warranted from the REDA. However, the REDA could consider providing  
42 financial assistance to demonstrate local support for the additional affordable housing units. If the REDA  
43 chooses to do so—recognizing the City’s public finance consultant has determined there are no additional  
44 funding gaps—it is staff’s recommendation the REDA consider offering a nominal amount.

45

46 In consideration of the original request for public finance assistance being denied, and that the project  
47 details have changed since that original request, staff has provided the following chart depicting project  
48 changes, which the REDA may want to consider in regards to offering financial assistance at this time:

	<b>Proposal on 06/05/2017</b>	<b>Proposal on 05/13/2019</b>
Total Number of Units	209	209-247
Total Number of Market Rate Units	149	91-129
Total Number of Affordable Units	60	118
Total Number of Homeless Units	7 (4 Veteran, 3 Individual)	TBD; Up to 16 overall
Site Plan Green Space	See Attachment A	See Attachment I
Park Dedication Fees	\$836,000	\$0

49

50 Note that the REDA has received two other financial assistance applications requesting the CDBG  
51 funds. One of those projects will be presented to the REDA at tonight’s meeting (PIK Property) and  
52 the other is scheduled for consideration June 3, 2019 (CommonBond).

53 If the REDA would like to demonstrate local support by offering financial assistance, which will  
54 position the developer well as they apply for tax credits and incentives associated with an additional 59  
55 units of affordable housing, then staff suggests consideration of SAC credit funds, in addition to/or  
56 instead of CDBG funds. Recognizing the need hasn’t been demonstrated, staff suggests a nominal  
57 amount of \$1,000 per unit. The REDA could consider a different amount and provide that direction to  
58 staff. Additionally, offering public finance support allows the REDA to consider imposing conditions  
59 on the project. Because the project details have been changing over time, staff would offer the  
60 following conditions for the REDA to consider in support of this request:

- 61 1. Overall concept for the development to not exceed 209 units.
- 62 2. The overall development should not exceed 8 homeless units.

63 These conditions aim to keep the project similar to the density originally proposed while still meeting  
64 the affordable housing needs of the community.

65 The following resolution (Attachment J) has been drafted with conditions for the REDA to consider. In  
66 addition, if the REDA does provide financial support, staff will proceed with an amendment to the  
67 Development Agreement to incorporate these conditions, which would be recorded against the property.

68  
69 **STAFF RECOMMENDATION**

70 Staff is recommending denial of the request for \$295,000 CDBG funds. If the REDA wishes to  
71 provide support for the second phase of affordable housing for Roseville Edison II, LLC the REDA  
72 could adopt and/or modify the resolution in Attachment J.

73  
74 **REQUESTED REDA ACTION**

75 Deny the request for \$295,000 CDBG funds. Adopt a resolution supporting the second phase of  
76 affordable housing for Roseville Edison II, LLC.

77  
78 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

- Attachment A: Site concept from June 5, 2017 presentation
- B: Resolution that was provided for REDA consideration for supporting TIF and CDBG
- C: Minutes from June 5, 2017 meeting denying financial support
- D: Resolution No. 8 supporting application for Ramsey County HOME Funds
- E: Resolution No. 9 supporting application for LCDA Grant Funds
- F: Resolution No. 26 supporting application for TBRA Funds
- G: Resolution No. 27 supporting application for Ramsey County ERF Funds
- H: Resolution No. 38 supporting application for Ramsey County CDBG/HOME Funds
- I: Site concept from April 22, 2019 presentation
- J: Resolution supporting financial assistance with conditions







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

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 8th day of May, 2017, 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.**

**RESOLUTION OF FINANCIAL SUPPORT FOR THE CREATION AND  
ADMINISTRATION OF A HOUSING TAX INCREMENT FINANCE (TIF) DISTRICT  
AND COMMITMENT OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
(CDBG) IN CONNECTION WITH THE DEVELOPMENT OF A PROPOSED  
MULTIFAMILY RENTAL HOUSING DEVELOPMENT**

WHEREAS, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”), the Authority and the City of Roseville (the “City”) are authorized to create and administer tax increment financing districts (“TIF districts”) for the purpose of fostering the development of affordable housing in the City; and

WHEREAS, the Authority has received Community Development Block Grant (“CDBG”) funds which may be used for the purpose of fostering the development of workforce housing; and

WHEREAS, the Authority has received a proposal from Sand Development, LLC (the “Developer”) for the development of a 209-unit mixed-income/lifestyle multifamily rental housing facility that will include 60 units of workforce housing (the “Facility”); and

WHEREAS, the Developer has informed the Authority of Developer’s intent to apply for tax credits from the Minnesota Housing Finance Authority, which application is predicated on local support of the Developer’s proposal; and

WHEREAS, the Authority supports the use of tax increment financing for the Facility in a maximum principal amount of \$1,006,000 in qualified costs related to the affordable component of the Facility through the issuance of a pay-as-you-go TIF note to the Developer, as well as a loan of the Authority’s CDBG funds in a maximum principal amount of \$350,000 to finance a portion of the Facility;

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NOW, THEREFORE, BE IT RESOLVED THAT the Authority supports the creation of a housing TIF district and a loan of the Authority's CDBG funds to finance a portion of the proposed Facility as described above, provided that the Council must comply with all of the legally required proceedings set forth in the TIF Act; and be it further resolved that the Authority supports the Developer's application for tax credits for the Facility.

Adopted by the Board of the Authority this 8<sup>th</sup> day of May, 2017.

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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 regularly held meeting thereof on May 8, 2017.

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 May, 2017

\_\_\_\_\_  
Executive Director  
Roseville Economic Development Authority



## Minutes

### Roseville Economic Development Authority (REDA) City Council Chambers, 2660 Civic Center Drive Tuesday, June 5, 2017 – 6:00 p.m.

#### 1. Roll Call

President Dan Roe, called to order the regular meeting of the Roseville Economic Development Authority (REDA) in and for the City of Roseville at approximately 6:00 p.m. Voting and Seating Order: Willmus, Etten, McGehee, Laliberte and Roe

**Present:** President Dan Roe and Commissioners Tammy McGehee, Jason Etten, and Lisa Laliberte

**Absent:** President Roe announced that Vice President Robert Willmus had previously advised that he would be unable to attend tonight's meeting due to family and other obligations.

**Others Present:** Executive Director Patrick Trudgeon, Housing & Economic Development Program Manager Jeanne Kelsey, and REDA Attorney Martha Ingram with Kennedy & Graven

#### 2. Pledge of Allegiance

#### 3. Approve Agenda

President Roe suggested deferring public comment on non-agenda items to the start of the City Council meeting scheduled immediately after tonight's REDA meeting.

McGehee moved, Etten seconded, approval of the REDA agenda as amended.

**Ayes: 4**

**Nays: 0**

**Motion carried.**

#### 4. Public Comment

#### 5. Items Removed from Consent Agenda

#### 6. Business Items (Action Items)

##### a. Authorize Contract for Services with CEE and CRF for Roseville Loan Program

Housing & Economic Development Program Manager Jeanne Kelsey summarized this request as detailed in the staff report. Ms. Kelsey introduced Mr. Jim Hasnick, representing the Center for Energy and Environment (CEE). Ms. Kelsey advised that this action is a result of direction from the REDA at their last meeting, authorizing staff to negotiate a contract (Attachment A).



Beyond a contract with the CEE, Ms. Kelsey noted further action in the near future to update the current contract with the Community Reinvestment Fund (CRF), the REDA's loan servicing agent; since the majority of those dated from 1998 and now with new software at CRF, would result in more efficiencies in programming and funds.

As detailed in the RCA, Ms. Kelsey reviewed the budget for 2017 as noted; and at the request of President Roe, advised that if terms differ significantly from those currently through the Greater Metropolitan Housing Corporation (GMHC), the contract would be brought to the REDA for approval.

Member Etten asked if the new arrangement allowed the REDA to continue current programs as well as offering any additional programs.

**Jim Hasnick, CEE Representative**

Mr. Hasnick reviewed some of the additional commercial lending programs available state-wide; and advised that while additional programs were not part of this proposed contract as presented, they were available for the REDA's consideration in the future, including through funding with other agencies (e.g. Department of Commerce) for home and energy improvements for homeowners.

Mayor Roe clarified tonight's action, for the REDA to be able to continue home improvement loans up to \$40,000 each, previously administered through the GMHC, and now switched to the CEE and resulting in a direct contract with the CRF.

President Roe offered an opportunity for public comment with no one appearing to speak to this issue.

Laliberte moved, Etten seconded, authorized entering into a standard agreement for professional services (Attachment A) contract with the Center for Energy and Environment (CEE) for loan origination services for the Roseville Housing Rehabilitation Loan Program and construction advisory services, authorizing execution of the contract by the REDA Executive Director and President; *amended to direct staff to bring back a negotiated contract with Community Reinvestment Fund, Inc. (CRF) for loan servicing.*

Since the CRF contract had not been negotiated since 1998, Member Laliberte expressed her interest in the REDA approving a new contract that may have significant changes in loan origination and other fees.

Member Etten concurred, noting the importance of these programs and this opportunity to keep them in place.

Member McGehee concurred, although noting that her first inclination was that if terms were approximately what they currently are, without substantial changes, there was no reason for staff to bring them back to the REDA for approval.

Member Laliberte disagreed, suggesting they could come back on the Consent Agenda if there were no substantial changes.

As a signatory of those contracts, President Roe agreed to have them come back to the REDA for approval.

**Ayes: 4**

**Nays: 0**

**Motion carried.**

**b. Approve Resolution of Support for Use of Community Development Block Grant (CDBG) Funds and Tax Increment Financing (TIF) for a Proposed Multi-Family Lifestyle Development on Old Highway 8 by Sands Company, Inc.**

Executive Director Patrick Trudgeon summarized this request as detailed in the staff report. Mr. Trudgeon noted additional information as requested previously by the REDA on community engagement related to the project and the public funding request for a portion of the project; and how to ensure the public's participation in that consideration.

As noted in the staff report, Mr. Trudgeon noted those funding sources have already been reviewed and receiving support from the REDA and those funding sources are still pending. Mr. Trudgeon reviewed the next steps for Sand Companies in their application to the MHFA for tax credits by June 15<sup>th</sup> and subsequent full application to the LCDA due by June 29, 2017.

Mr. Trudgeon briefly reviewed the process to be followed prior to the creation of any tax increment financing (TIF) district, and the pending amount and term for that funding at this time as noted.

Mr. Trudgeon clarified that tonight's presentation and requested action items did not constitute a formal development application at this point, but advised that would follow and involve a lengthy process; with tonight's action only related to the REDA's support of the financial aspects of the project. At the request of the REDA at their May 8, 2017 meeting, Mr. Trudgeon noted their interest in seeking community feedback on the potential for city financial participation from a variety of sources; and staff's subsequent involvement of a variety of media sources to garner that input. Mr. Trudgeon noted a number of interested parties in tonight's audience to speak to that purpose, as well as the written comments received prior to tonight, and included in the meeting materials and/or as bench handouts tonight.

President Roe clarified tonight's action, with the request for REDA support of Sands Company proceeding with the TIF process, conditional upon their approval of other funding sources.

Mr. Trudgeon concurred, advising that there would be no need to create a TIF district if the developer was unable to obtain other funding; and therefore there would be no need to start that process until more was known.

At the request of President Roe, Mr. Trudgeon referred to Attachment F showing the various funding sources; and advised that the first time any further action would occur before the REDA would be in December of 2017 (LCDA funding); and anticipated it would be 2018 before the actual development process would begin.

President Roe noted that those future discussions would include the land use issue in subdividing the property and ultimate negotiation and approval of developer agreements between the REDA and developer.

Mr. Trudgeon concurred, noting that he anticipated that could be tied in one package with the TIF process.

Regarding next steps, Member Laliberte noted that all funding from external entities should be known by the end of 2017; with subsequent project development, including open houses and the public process and traffic studies would happen after those approvals are granted.

Mr. Trudgeon asked the developer to respond, noting the limited utility moving forward in design until the project's certainty is known; and anticipated there may be some open houses held later this fall or early winter, while other things could be happening in the background.

**Developer Representative Jamie Thelen, President/CEO of Sands Company**

Mr. Thelen advised once the June 2017 applications are submitted, they may begin some pre-planning (e.g. site surveying, tree survey, etc.) but nothing major pending other city approval processes and funding confirmations from the state and other agencies in October of 2017. Mr. Thelen advised that the preliminary submission to the Metropolitan Council had already resulted in their suggestion to flip the buildings on the site. Otherwise, Mr. Thelen advised that Mr. Trudgeon's projected timetable was accurate.

President Roe asked Mr. Thelen if funding sources did not come through and it looked as if no affordable portion of the project was feasible, would the developer consider the make-up of the project to involve only market-rate rentals only.

Mr. Thelen responded that a market study was being conducted at this time, with the proposed project currently for 209 units. Mr. Thelen advised that any significant changes in potential funding sources would require another look, and possibly phasing the project; with his company's interest in how the project is currently laid on and without a second plan in place at this time. However, Mr. Thelen advised that there may be other developers interested in pursuing a project on the site other than his firm.

At the request of Member Etten, Mr. Thelen advised that while not completed yet, verbal confirmation of the market study indicated demand for the project as currently formatted, with the affordable portion specifically tied to his firm's presentation to their lender(s).

At the request of Member Laliberte, Mr. Thelen advised that he was well aware of the city's current tree preservation ordinance and had been in discussion with staff about it and had figured those costs into their financial projections accordingly.

At the request of President Roe, Mr. Thelen reviewed the proposed site plan for the benefit of the public, as well as proposed amenities.

At the request of Member McGehee, Mr. Thelen advised that his firm had not performed a tree survey at this point to determine the number of replacement trees and those that could be fit on the site or would need located elsewhere to meet city code requirements.

At the request of Member McGehee, Mr. Thelen reviewed his firm's first meeting with Metro Transit regarding bus connections and frequencies; and while not having the information available, with President Roe referencing the April and May REDA meeting packets that included that data.

At the request of Member Laliberte, Mr. Thelen reviewed the Metropolitan Council's request for re-orientating the buildings to provide resident access immediately accessible to the trail and green space, and recreation areas and the community building. Mr. Thelen advised that his firm had considered that layout early on, but preferred to keep the layout in a more circular community feel, as well as making the rights-of-way more enhancing and to have more of a prominence on Old Highway 8. While this suggestion from the Metropolitan Council had come from their in-house architects and staff, Mr. Thelen noted that it was a recommendation and not a mandate. Mr. Thelen advised that he welcomed feedback from the city and public on that orientation, but opined he and his development team differed in resident access to recreation areas versus the parking lot from their units. In general, Mr. Thelen reported that the Metropolitan Council supported the initial project and invited a full application.

**Public Comment**

*Written comments were provided as bench handouts, attached hereto and made a part hereof, and in support of the Edison multi-family development from Cari Gell and Bruce Patrick.*

*Written comments were provided as bench handouts, attached hereto and made a part hereof, and in opposition of the Edison multi-family development or having various concerns from Rebecca Johnson, John Schumacher, Katie Dille, Cindy Petrie, Tom Brama, Roger Pastwa, Eric Bernhagen, and Laurie Starr.*

President Roe reviewed protocol and efficiencies for public comment.

**Bonnie Koch, 1910 Langton Lake Drive, #319, on behalf of the League of Women Voters (LWV)**

*Ms. Koch provided a written statement of support from the LWV in support of Sandy Development.*

Ms. Koch noted a number of LWV were residents of Roseville and shared support of the project. Ms. Koch noted that a LWV study was in process in their review of fair and equal housing for all; and urged the REDA's approval of other financial resolution of support before them tonight.

**Courtney Hubers, 2936 Old Highway 8**

*Ms. Hubers and her husband Kevin submitted written comments in opposition to more rental units in their neighborhood.*

Ms. Hubers reported that fifteen of their neighbors had gathered over the weekend to discuss the project; and provided a list of seven points that those neighbors had been tasked with addressing tonight, all consistent in their desire that the REDA not offer City of Roseville funding of the project until the public had been heard from, resulting in the developer proposing a smaller project of less density. Those talking points included an introduction by Ms. Hubers of the goals for this evening, and concerns with traffic, overcrowding, needs of the homeless and low income, long-term impact on area homes, community involvement, and what is ultimately best for Roseville.

**Margoe Hermes, 2935 Old Highway 8**

As one of the neighbors tasked with addressing traffic, Ms. Hermes noted the long-time concern over the last 35 years with this 6 block stretch of roadway already overburdened with vehicles during peak hours. Ms. Hermes opined that traffic when backed up with additional development would divert to Troseth Road, creating additional safety concerns for pedestrians and bicyclers in that area. Ms. Hermes noted the number of semi-trucks currently using this narrow, one-lane road, and exceeding the posted 30 mph speed limits, frequently observing those semi-trucks at 50 mph. Ms. Hermes opined that it was imperative that a comprehensive traffic study be done before allocating



Roseville tax dollars to this project; questioning what possible changes could be made that would make this project workable.

**Laurie Starr Pastwa, 2999 Troseth Road**

*Ms. Starr and her husband, Roger Pastwa, submitted written comments in opposition to the project, citing various concerns; expounded on during tonight's meeting.*

Ms. Starr opined that it was imperative that the REDA not approve finances for this measure until input had been received from the neighborhood to determine the impact of such a development. Ms. Starr addressed crime in the neighborhood over the last ten years (burglaries, vandalism and possible drug deals from parked cars) and negative comments received from the police when reporting incidents without probable cause; potential increased noise pollution without the natural tree barrier; and inability of current businesses in supporting any additional jobs. Ms. Starr expressed further concerns with a need for a bigger police presence in the neighborhood if the project was approved; whether the fire department had sufficient equipment to handle a four-story building as proposed; lack of sidewalks and traffic diverting to residential roadways; how increased and unengaged youth in the area would be addressed given the limited space at Sand Castle Park; overwhelmed Roseville School District; increased water and sewer infrastructure and its adequacy; and other multi-family projects already in this area or being considered, whether in the City of Roseville or the Village of St. Anthony.

**Jane Bates, 2980 Old Highway 8**

As a social worker for over 35 years, Ms. Bates spoke to the long-term versus short-term needs of homeless individuals, of considerable interest to her with this project. With homeless and low income residents, Ms. Bates noted the frequent extensive health and mental health issues involved; with many discharged from jails, foster care or treatment facilities and without adequate resources provided those repeat issues would become evident. Ms. Bates encouraged the city to move with caution with this proposed development, noting the severe implications involved with public safety and the economic impact on emergency and public safety services.

**Kurt Bachmeyer, 3045 Patton Road**

Mr. Bachmeyer addressed concerns with the long-term impact of the project on area homes and property values given increased traffic and diminished aesthetics of the neighborhood. Mr. Bachmeyer cautioned that he was aware of several residents seriously considering moving away or not making improvements to their homes as planned if the project goes through. Mr. Bachmeyer opined that the project didn't fit with the character of the neighborhood and would overwhelm the neighborhood due to its proposed height/density, additional noise and light pollution, and removal of the dense tree forest that currently acted as a natural sound barrier. Mr. Bachmeyer stated that the neighborhood already felt encroached upon by other multi-

family buildings and major highways, when the current owners had purchased their homes and land based on the spacious character of the area, and while a building even half the size would still impact them, it wouldn't be as negative as that proposed. Even though this neighborhood may seem insignificant to the broader community, they were becoming more proactive, and expressed their interest in participating in the comprehensive plan update and asked that the city halt this current project to allow them to become involved. Mr. Bachmeyer stated that the neighbors were not opposed to an LDR project, but wanted the appropriate traffic and environmental studies done before hand.

**Michael O'Brien, 2940 Old Highway 8**

*Mr. O'Brien and his wife Amy submitted written comments via email in opposition to the proposed project, in order to protect this pocket of Roseville to maintain a quiet, secluded feel desired and the value of their home.*

As a three-year resident of Roseville, formerly from the Village of St. Anthony, Mr. O'Brien noted his and his neighbors' concern with the lack of a voice given them by the city now and when this property was rezoned in 2010 for HDR, which had apparently come as a surprise to identify it as HDR and not seek public comment at that time. Mr. O'Brien noted that such a history helped the neighborhood understand today's concerns, and questioned what studies had been done in 2010 before making that decision and if the character and needs of the neighborhood had been involved in that decision-making. Given the significant amount of public funding being requested for this project, Mr. O'Brien asked that those neighborhood interests be considered.

Mr. O'Brien displayed a map of Roseville, and specifically this triangle highlighting the uniqueness of the neighborhood that was essentially isolated from Roseville proper, surrounded by highways, I-35W, New Brighton industries and other HDR housing in several communities, and isolating it from other areas in Roseville. Mr. O'Brien noted that to-date, the neighbors had no vote in this process, and had only learned about the proposed project when a concerned neighbor had distributed flyers and set up a meeting to discuss it. Mr. O'Brien opined that it may be understandable why certain parties want the project to fly under the radar, the neighbors were concerned that there had been no dialogue with residents to determine impacts when public funds were being requested. Mr. O'Brien stated that he had yet to meet anyone in favor of this project, and instead was aware of a significant number who had organized and come tonight on short notice to voice their concerns, and with additional lead time, opined there would have been more neighbors present.

Mr. Bachmeyer referenced comments of Ms. Hermes regarding the drag strip involving Troseth Avenue, and asked - with the addition of more HDR, whether in Roseville or adjacent communities – what level of diversification could be provided in the area; and asked to what extent adjacent communities

and/or the Mounds View School District had been consulted as an important and considerate part of any resulting impacts.

Mr. Bachmeyer opined that the city needed to do its homework on the proposed project, and entertain proactive, honest dialogue with all stakeholders, and adjacent communities that would all be involved in supporting the influx of people and the opinion of other Roseville residents in providing public financing for a project of questionable benefit to Roseville. Mr. Bachmeyer stated that their neighborhood was united in their strong opposition of the project, based on their concerns with safety, home and property values, and viability of their neighborhood and asked that the city work with the neighbors toward addressing those concerns.

**Bryan Jones, 3085 Old Highway 8 (Not a Roseville resident, but owner of 40-unit townhome property directly across from project site)**

Having purchased his development property in 1988, and redeveloped and significantly rehabilitated the entire property ten years later, Mr. Jones opined that this project should provide its own financing as he had done. Mr. Jones opined that the proposed TIF district created an unfair playing field for other developers including him and several other small property owners who've invested in their properties.

Mr. Jones stated that he wasn't opposed to more density and new development, but for him the TIF funding was problematic when the economy was still recovering and the situation may recur with a project of this magnitude no longer being feasible with no recovery of the public financing used to construct it and no longer of any value to the city. Mr. Jones referenced a recent study about HDR in the Twin Cities area and first-ring suburbs showing signs that concessions were creeping back into the rental market to address vacancies and other articles addressing negative rental markets and related economic issues. Also Mr. Jones questioned if there was sufficient demand for an additional 209 units in this area; and urged the city not to consider using TIF on this site.

**Roger Pastwa, 2999 Troseth Road**

*Mr. Pastwa and his wife, Laurie Starr, submitted written comments in opposition to the project, citing various concerns; expounded on during tonight's meeting.*

As a resident since 1954 and commercial/residential builder since 1975, Mr. Pastwa stated that the reason he chose this area was due to the big lots and park-like atmosphere, but expressed concern that this area continued to move from a suburban to an apartment community, which he found sad to see. Mr. Pastwa also addressed the traffic speed problem on Troseth Road coming off Old Highway 8 that he had talked to Roseville Police officers about. Mr. Pastwa opined that this wasn't a good fit for the neighborhood, and could be designed to fit in rather than stand out.

**Tom Key, 3054 Highcrest Road**

Mr. Key noted his location on the other side of the triangle, directly across from a Village of St. Anthony grade school, which was also set to do an expansion, creating even more traffic in the triangle than just with this proposed project in Roseville. Mr. Key noted that his family had initially chosen this area due to the Mounds View School District, but having recently toured the Highview Middle School had found kids already having class in the hallways, with a bond referendum in the works that will raise taxes even more. Due to these unknowns, Mr. Key advised that his family had delayed a major home remodel, and questioned what this proposed project would further do to him home value. Mr. Key questioned what the payback would be for the city and its taxpayers for the city's use of public monies for the project, and how the construction business cycle looked long-term and whether this project would proceed without public financing, and if put off for a year would it still be a viable project.

**Sue Watlow-Phillips, Representative of MICA, St. Paul, MN**

Ms. Phillips reviewed the purpose of her organization made up of area congregations supporting home ownership and housing for all people, and equal treatment for all residents. Ms. Phillips noted that most all in the room had been renters at some point in time, and assured all that there remained a need for rental properties, with only the predicted 6,500 units currently coming on line serving only 1/6 of the need for those with incomes of \$30,000 or less.

Ms. Phillips noted that there had been a housing crisis for the last four decades in this country, an issue that long has needed addressing. Ms. Phillips noted that there was not a lot of affordable housing available in Roseville or the entire metropolitan area, actually less than 1% for units with rents starting at \$900 to \$1,000 monthly. Ms. Phillips asked if there was sufficient housing stock in each community for equity and opportunities for all. Ms. Phillips advised that her organization had worked with the Sands Company in other communities who had the same legitimate and similar questions, and asked that the city consider their response, opining that Sands listens to the community; and encouraged continued community engagement to make sure everyone understands the project. Ms. Phillips suggested that the city provide some studies on what happens to home values when a project receives tax credits, and a review of values of those homes when in the proximity of affordable housing, that would provide accurate facts for the community to understand.

Ms. Phillips stated that she was glad to hear community members express an interest in the 2010 comprehensive plan update. However, Ms. Phillips opined that this project would help Roseville achieve Metropolitan Council goals and provide additional housing units that were sorely needed.

**Tom Brama, 2994 Old Highway 8 (home) and 3020 Old Highway 8 (11-unit apartment complex)**

*Mr. Brama submitted written comments in opposition to the project, and expounded on his concerns verbally at the meeting.*

With everyone talking from a residential perspective, Mr. Brama stated his interest as a developer with 480 units in a complex on the other side of Old Highway 8, the Brighton Village apartments built between 1968 and 1971. Mr. Brama advised that those had been constructed without any public subsidy, and his rents still supported workforce housing, as most older housing stock did other than this proposed project.

Using information from the developer's submittals, Mr. Brama addressed the proposed number of subsidized units based for those at 60% of the area median income, the proposed rent to be charged for an affordable housing unit. Mr. Brama also noted that the building's height would be four stories, no three, and would tower over Roseville Eight Estates immediately next door, currently at 2.5 stories, and would therefore be totally out of character in the neighborhood.

Even with the extensive new building at Sand Castle Park, Mr. Brama noted the current graffiti removal required, and opined that with an influx of 500 to 600 more people, that could be expected to go up, creating additional city expenses. Mr. Brama asked if Sand Castle Park was big enough to handle an additional influx of young people using it.

By the city giving away tax money for a number of years, Mr. Brama opined it would hamstring the city, and also as pointed out by other speakers, this area of Roseville was the forgotten corner where none of the council members lived.

Mr. Brama asked that the REDA consider multi-family construction in adjacent communities to this northwest corner of Roseville, and on the other side of the intersection, with 1,000 units in the City of New Brighton within a half mile of this site required to share infrastructure and massive traffic issues. Mr. Brama asked if the developer would be asked to widen Old Highway 8 to handle increased traffic, or if eminent domain would be used to take over adjacent properties in order to do so.

Mr. Brama opined that taking action tonight to continue supporting the developer seeking tax credits would be unfair when the question remained whether the parcel could or should handle HDR to the detrimental affect of the neighborhood.

Mr. Brama noted that one of the members of the REDA in opposition to supporting the project was not present tonight; and while he wasn't saying this developer was not welcome in the community or that additional housing was needed, by simply lowering the parcel for MDR, an additional 30-40



townhomes could be built in a livable style rather than stacking them four stories. Mr. Brama also opined that by segregating all the workforce housing into one building, it was unfair and defined the “haves” and the “have nots.” Mr. Brama asked for a pause at this point and not to encourage the developer to proceed until these matters were reviewed and zoning change considered to MDR rather than HDR.

**Mindy Greiling, 2495 Marion Street**

*Ms. Greiling had submitted written comments urging inclusion of affordable lifecycle housing as part of this project, especially if using public funds for the public goods.*

While speaking as a Roseville resident rather than on behalf of the LWV spoken for by others tonight, Ms. Greiling's noted the availability of the League's study on affordable housing due next month. However, Ms. Greiling noted that there were other members of the LWV present tonight supporting this resolution of support, including some living in the triangle area and supporting more lifecycle housing in Roseville.

Ms. Greiling referenced an email offering support and welcome for this project from Senator John Marty, who lives within two blocks of the proposed project.

Ms. Greiling noted the variety of opinions on any project, especially one with as many units as this, but again referencing the LVW study, without density projects couldn't afford to be built in today's market.

When first moving to Roseville, Ms. Greiling noted that her family had been renters, and were now in their second home in Roseville, two blocks from Rice Street, and adjacent to a large mobile home park, and Caliber Ridge all affordable housing and the remainder workforce housing. Ms. Greiling addressed the value of the diverse neighborhood; and expressed concern with the comments indicated earlier during public comment inferring that renters and this type of unit created more crime. Ms. Greiling noted that two African American members of the LWV had been present tonight, but had left after being offended by those inferences.

As the parent of a son with mental illness, who wanted to live in Roseville but was unable to find housing, Ms. Greiling advised that he was now living in a beautiful unit similar to that proposed with this project; and noted that he would not be concerned if workforce housing was confined to one building or three, but was simply interested in having a place to live. Ms. Greiling stated that she and her family wanted their son to live in Roseville, and asked that the REDA please support this resolution.

**Deborah Mosby, 935 Sherren Street**

Having been born and raised in Roseville, Ms. Mosby expressed how lucky she had been to come from this community and to be raised with warm hearts

and open arms. After living in Texas for a time and then returning to Roseville, Ms. Mosby noted the changing demographics she'd found, and expressed her thrill in the diverse and wonderful learning experiences and friendships gained in the community and schools. As a single mother of two children upon her return, Ms. Mosby advised that she had no income to speak of and had rented an apartment initially until able to purchase a house. Ms. Mosby noted the benefits she'd received from the community education and park and recreation opportunities, and other gifts living in Roseville. Being a lower income, single mom, Ms. Mosby noted the many people she'd met and continued to meet in her multi-cultural neighborhood over the last twenty-five or more years, providing for a wonderful experience.

Therefore, Ms. Mosby asked that the community keep their hearts open to this project, and while understanding there were serious business logistics to consider, to base things on facts not supposition, such as stating that people with mental illnesses or additions or "those people" are criminals. Ms. Mosby noted that every family experienced one or more of these issues.

**Maria Herrera, 2453 Brenner Street**

Ms. Herrera stated that she was speaking as a homeowner, single mom, and property owner. Ms. Herrera addressed safety concerns with traffic speed and back-ups at County Road D and 33<sup>rd</sup> Avenue at the five-way stop, and the need for more patrol cars to issue citations, not just putting up a speed board. Ms. Herrera also addressed the lack of transparency to-date for this project, opining that it left the impression that the city was trying to keep it a secret to avoid opposition.

Ms. Herrera opined that no one was opposed to providing some type of housing for everyone, but this 200 units as proposed would severely impact this triangle neighborhood and affect home values with the additional traffic created by it. As a single mom, Ms. Herrera advised that her home was her biggest asset and important to her; with the trees serving as a sound barrier from adjacent highways; and asked when the city was going to start thinking about its residents in this neighborhood.

**Clare Keen-Jordan, 2595 Cohansey Street**

As a twenty-five year resident, Ms. Jordan spoke to the affordable housing component. Ms. Jordan noted that everyone moved to Roseville for its opportunities, including parks, schools, and neighbors. Ms. Jordan asked the stated that her purpose tonight was to enthusiastically encourage the REDA to support this project in meeting the needs of the broader community.

As to comments about the face of those who might live in this complex, Ms. Jordan expressed her offense with some of tonight's comments. As the mother of two adult sons, one with mental illness needing affordable housing, Ms. Jordan noted that according to the Stewart-McKinney Act, he would be

considered homeless, and for the last eighteen months, advised that she had driven around the community seeking housing opportunities for him, with only three identified as such, and for one reason or another not suitable. Ms. Jordan expressed concern that some in the greater Roseville community may have been offended by some of the inferences or comments made during tonight's public comment.

As a clinical social worker, in practice since 1983, Ms. Jordan noted that housing was the key to stability for families, including those labeled as homeless or with mental illness issues. With a 1% to 3% vacancy rate for rentals in this area, and a lack of landlords who accept Section 8 vouchers, Ms. Jordan emphasized the need for affordable housing and encouraged the REDA to support this project allowing others to enjoy the same quality of life as others did.

**Justin Brama, 2986 Old Highway 8**

As a first-year teacher having purchased a home in Roseville, Mr. Brama opined that he saw those living outside this triangle telling them of their needs and stating that they could handle this project. However, for those living in the triangle and fully aware of current traffic issues, Mr. Brama opined that there was already too much of it and at too high of a speed.

Mr. Brama also addressed crime in the area that already existed, and without question agreed with social workers in vouching that not all of that criminal history came from low-income people, but opined that long-term homeless issues frequently went along with that crime. Mr. Brama clarified that this didn't mean that people in the community didn't support those with needs, and recognizing the need for housing for them, but stated the concern is the impact of 200 plus units to area home values.

Mr. Brama advised that he had been planning to put considerable money into a remodel of his home, but at this point had put that on hold until this project's future is determined; and if it does go through, his intent would be to sell the home almost immediately.

**Rita Mix, 3207 Old Highway 8**

Ms. Mix spoke to her involvement in the recent past in reducing density of a project located further south at County Road C-2; and her current meeting today with those residents now activated on this northern County Road D project and her introduction to them and the materials provided to her by them.

Ms. Mix recognized that their opposition had nothing to do with low- or moderate-income subsidized development, but more to do with density which she understand completely. Ms. Mix suggested that if the REDA could financial support a low- to moderate-income housing option while at the same time reducing density, she thought the community would accept that versus all

market rate units at a lower density. Ms. Mix stated that, as a resident in this area, there was no problem with a diverse population, noting the mosque located in New Brighton and immediately adjacent to this area; as well as another MDR project pending pertaining to the particular demographic being considered within the Old Highway 8 community. Ms. Mix stated that the intent was not to shut out an opportunity for diversity or race or income, but simply asking that density be adjusted to accommodate the needs of the broader community.

Ms. Mix noted that each year this area feels more encroached upon by development in surrounding communities (City of New Brighton and Village of St. Anthony), including ever-growing industrial uses in the City of Roseville. Ms. Mix advised that the hope is to preserve this small enclave as an important part of the community, and thereby reduce density and deal with current an increased traffic concerns. Ms. Mix addressed some of those traffic concerns and their impacts to feeder streets, with additional traffic negatively impacting the way of life and peace of mind for those living in this area. Ms. Mix asked that the REDA give more thought to density of the project and how to achieve better control of access onto Highway 88 or other mechanisms to address these major issues. Ms. Mix stated that the neighborhood encouraged low- to moderate-income units if there was a way to incorporate them into the community, and stated that the neighborhood would be happy to do so under those circumstances.

**Mike Amand, 2926 Old Highway 8**

As a retired roofer, and thirty-two resident of Roseville, Mr. Armand noted that the triangle area of Roseville was unique with a country or rural atmosphere to it, even though located close to the city with all of its amenities.

With 209 units as proposed with this project when at maximum occupancy of the combined units, Mr. Amand questioned how that would preserve that quality of life along Old Highway 8, and shared the concerns expressed by previous speakers as to traffic and changing the atmosphere and character of this neighborhood. Mr. Amand urged the REDA to give more consideration to this project before agreeing to fund it.

Also, with other HDR immediately adjacent in the Village of St. Anthony, Mr. Amand questioned how the school system could absorb more students or how the previous natural resources could be preserved with more demand, already at the maximum limit for this area. Mr. Amand stated that he wasn't opposed to low-income housing, but that he was opposed to HDR on this site and asked that the REDA study all the different points raised tonight.

**Ann Borgstrom, 2962 Manson Street**

With her parents having moved to Roseville in 1956, and as an architectural designer working in the seven county metropolitan area, Ms. Borgstrom noted

the easy life in suburbs, especially in Roseville with its modest and sturdy homes built in the 1950's and 1960's. Ms. Borgstrom referenced a national real estate survey that listed Roseville as the #1 "Minneapolis" suburb, which she didn't surprise her, expressing her love of Roseville.

Ms. Borgstrom noted that her backyard was along Old Highway 8, and opined that these issues could be worked out. However, Ms. Borgstrom stated that her main concern is the ratio of these units in comparison to the residents already living in the boundaries of this forgotten Roseville triangle, and whether that ratio was tangible or intangible with increased density.

Since 1972, Ms. Borgstrom noted the steadily increasing traffic in the area, especially at rush hour for those traveling north on those arteries and specially in that triangle; an opined that the ratio was off as far as how many people and drivers would ultimately be involved and what it would do to the environment with back-upped traffic and emissions effecting the health of residents in the immediate area.

**Ken Florian, 440 Glenwood Avenue**

While living further away form this area, Ms. Florian spoke in support of those in opposition, suggesting that President Roe and Member Etten were even further away form this area and therefore less affected by the proposed project. Ms. Florian questioned who this affordable housing would be for, and while all may begin in an apartment or starter home, it was not the job of government to provide affordable housing, and while it may be nice it was not a right.

Since there were more telling the REDA that they didn't want it in their area, Mr. Florian opined that if the REDA truly represented its voters, it would not let the development happen in a neighborhood that didn't want it.

**Tom Key**

Mr. Key offered additional comments about how Highcrest Road served as the west boundary for north/south traffic and the current traffic patterns for semis and other vehicles diverting directly in front of his home to eliminate or reduce back-ups in traffic. While the Village of St. Anthony has "no parking" there in their area of jurisdiction, Mr. Key noted the number of children crossing the street; and negative impacts if it was found that Old Highway 8 couldn't accommodate the additional traffic from this project, how housing would be ruined if Highcrest Road was widened. Mr. Key noted the difficulties with Highways 8 and 88 involving both Ramsey and Hennepin Counties.

**Sue Watlow-Phillips**

Ms. Phillips sought to clarify a point made tonight about housing subsidies, noting that the largest subsidy was for homeowners through capital gains, with most homeowners at mid-income levels receiving that subsidy through state and federal levels above and beyond affordable housing as addressed tonight.



Specific to low income housing tax credits and long-term homeless units, Ms. Phillips advised that the program was designed to allow people to live throughout the metropolitan area; with all homeless units providing a case manager, and developer contacts with social service providers and other resources to work with families or individuals in those units.

#### **Laurie Starr Pastwa**

Ms. Starr noted that many had been single parents and/or lived in apartments before purchasing a home and clarified that previous comments had not been intended to offend anyone, but simply to consider an additional number of 60 out of 100 units built in Roseville in this area as being too much on that small of an area, creating overload in her opinion. Ms. Phillips stated that to be accused of racism was totally inaccurate, and clarified that any crimes she'd seem committed in her neighborhood had been done by local, white teenagers, and not racist-related.

#### **REDA Deliberation**

President Roe reiterated the suggested action under consideration tonight, to support creation of a TIF district and dedicate Roseville CBDG funds. President Roe first sought to address some of the questions raised during public comment.

#### **TIF**

President Roe clarified misunderstandings raised about TIF and how that funding applied to parcels as they were developed to a greater value and use, and that differential in value captured for a period of time. In this case, President Roe advised that the district was proposed at five years, significantly less than the typical 15-20 year TIF district, and a minimal investment in the overall funding than typically sought by developers.

#### **CDBG Funds**

President Roe advised that these funds had been allocated to the city from the federal government over years and intended for a purpose such as this.

#### **Process/Community Engagement**

President Roe noted the interest expressed at the last REDA meeting in getting the word out early on with this project even though in the preliminary stages, and resulting community interest shown tonight, indicating that those efforts apparently worked. While many may feel that no outreach effort had been undertaken, President Roe noted that outreach was intended before the process continues.

#### **Familiarity of the Area by Individual Members**

President Roe stated that he personally traveled in the Old Highway 8 vicinity frequently.

#### Aquifer and Water Issues

President Roe clarified that the City of Roseville got their water from the City of St. Paul and the Mississippi River; and assured all that it was in a good position to handle the water needs of the community.

#### Ratio of Residents

President Roe admitted that was an interesting question, and advised that additional information would be sought to respond.

#### Existing Issues in the Area

President Roe noted that the city was well aware of the issues needing improvement in this area, as having been addressed with Ms. Mix previously, in addition to those issues involving adjacent cities (City of New Brighton). President Roe advised that the message was clear that, regardless of this project, those issues needed improvement.

#### **Jamie Thelen, Sands Development**

Member Laliberte noted the concerns brought up tonight from this neighborhood, and as a frequent traveler of this area, recognized that tonight's action at this stage of the process only involved the funding pieces. Member Laliberte noted the proposed project seemed in direct opposition to what this area of the community wanted as part of that process. Therefore, Member Laliberte questioned if the developer had done a traffic study at this point, and what answers they could provide specific to traffic at this point. In the real world, Member Laliberte noted that it doesn't work in today's market to talk about financing later after a project had been fully developed; but stated her understanding from the community's perspective in feeling that the process was not transparent enough. Member Laliberte clarified that the REDA's actions to-date had been solely around funding aspects, and not about the feasibility and livability of the project itself, with that piece yet to come. Under these circumstances, Member Laliberte sought the developer's response to those questions and issues raised.

#### Traffic Access Onto Old Highway 8, Possibly Highway 88

Mr. Thelen responded that a traffic study was typically required as part of a development, but not early on, and involved the number of vehicles a project would increase, how they traveled, the number of proposed units and their size; and how many people were proposed to be living on a site. Mr. Thelen noted that this was a legitimate question and advised that he foresaw a traffic study in the near future.

Member Laliberte noted that she would certainly be interested in the results of a traffic study; and asked about the feasibility of the project if a traffic study determined that the existing roadways would not support the proposed density.

Mr. Thelen responded that depending on those results, it would determine their next steps and how many units the site would support. Mr. Thelen advised that their development team typically looks at how a property is zoned and the density allowed; and clarified that they typically didn't come to a site and seek to rezone it to make land use changes to do so. Mr. Thelen advised that instead, the team reviews a city comprehensive plan and their zoning ordinance well ahead of considering a project site, in this case over one year ago, and then attempted to follow that guidance. As the project got more refined, Mr. Thelen advised that it could be tweaked, including density depending on related studies. However, Mr. Thelen opined that it would be difficult to specify a change in the number of units and what that density could be. Mr. Thelen did note that they did know that the market would support the proposed 209 units as a feasible project, and therefore had based their funding sources accordingly, and advised that it would be reviewed accordingly as the process continues.

#### Target Number of Residents/Unit

At the request of Member Etten, Mr. Thelen advised that typical occupancy of the 108 studio or one-bedroom units, representing 50% of the total units, would house 1 to 2 people; while the 3 to 4 bedroom units would obviously house more residents. Mr. Thelen advised that their 2 bedroom unit floor plans were designed to house two people, with one bathroom and bedroom on each side of the unit. In the affordable family side, Mr. Thelen noted that there would be more children in that family housing, but estimated that it would be reasonable to project that on average there would be two people per unit, thus their parking plan.

At the request of Member McGehee, Mr. Thelen clarified that all their buildings had similar layouts, whether affordable- or market-rate units.

#### **Motion**

**McGehee moved, Laliberte seconded, to not approve the proposed resolution.**

Member McGehee advised that she had yet to hear a single comment in opposition to developing this parcel or having affordable housing as part of such a development. Member McGehee noted that while she heard people stating that they would welcome new residents, residents were concerned with traffic and density issues in the area. She noted that Roseville has an opportunity to offer good, affordable, quality housing by the REDA and the community agreeing and making investments accordingly. Member McGehee stated that she was happy to make such an investment, but not through the use of TIF. Instead she supported direct financial aid which would include a caveat that the City retains some input and control in exchange for the City's financial contributions.

Member McGehee stated that she had opposed the project in the first place and would continue to do so, based in part on the segregation of the “haves” and “have nots” that she was morally and ethically opposed to funding, opining that Roseville was better than that and could build a community by mixing units. Member McGehee stated that she would personally like the city to take a big leap in saying what the community wanted related to affordable housing, but questioned the willingness of anyone else on the bench in doing so. Member McGehee noted her attendance at the recent affordable housing workshop, and her research on affordable housing subsequent to that, with her conclusion that what worked best was when the community was behind what was being proposed and its location. With over 35% of Roseville’s housing stock in the rental area, Member McGehee stated that the community was not suffering from a lack of it, even though there were more senior than family units available.

Member McGehee stated her pride in this cohesive neighborhood appearing tonight; and noted the apparent willingness of the developer to work with the community to find a solution and come back before the REDA to allow residents to be invested and feel they have a stake in their community while protecting their children, values and investments. Member McGehee opined that it wasn’t fair for a developer to come into a community and negatively impact those already living there.

Member Laliberte reiterated that for anyone following this particular project, discussions to-date have been solely involved in the financial components and not the feasibility and livability issues, with no project plans formally submitted to the city at this point. Therefore, Member Laliberte noted her support of the previous two discussions supporting the developer’s application for funding mechanisms available from outside entities other than the city.

For the record, Member Laliberte stated her comfort level with the minimal amount and term of TIF requested for this mixed project. While not a council member at the time the 2010 rezoning and comprehensive plan guidance was approved, Member Laliberte noted that she was disappointed and surprised about the parcels identified as HDR; and since her election to the City Council in 2010, noted her continued argument for a review of that HDR density. Member Laliberte noted changes made with the project referenced by Ms. Mix in this same area resulting in a reduction in zoning density from HDR to MDR; with other changes in order from her perspective. Agreeing that the city’s infrastructure may not bear that density that the Metropolitan Council recommends, Member Laliberte noted that remained a concern to her and would remain part of ongoing discussions whatever project was being considered.

Whether or not this is the right project for this site should the process continue, Member Laliberte stated her support for affordable housing, but was unsure

whether she was morally or ethically concerned with buildings being segregated as long as workforce housing was provided.

Member Etten agreed with the comments of Member Laliberte, noting that the recurring theme brought up tonight during testimony was traffic. However, Member Etten opined that obviously not enough was being done toward that concern, with ongoing back-ups in some spots, as well as other points in the city. Member Etten stated his interest in a traffic study, and expressed appreciation to the developer for being willing to have one done. Member Etten advised that he was supportive of mixed development and noted his interest in continuing to invest in this area would depend on the results of a traffic study and recommendations to improve traffic flow in that area. As a teacher at Irondale High School, Member Etten noted his familiarity with this area where a number of his students live. Since the city needs to address those issues whether or not this project moves forward, Member Etten questioned what a delay would accomplish, and suggested not pausing the process to deal with neighborhood concerns at this early stage of the process.

President Roe stated that there was no question that this was a challenging situation in being faced with his support of the affordable component and current HDR zoning. President Roe suggested that one way to proceed would be to approve the resolution for this next round of funding and perform additional studies concurrent with that to find out answers to traffic questions, which may result in changing the development's scope or to not proceed no matter if funding is in place.

President Roe opined he found that the most constructive way forward, but also understood the perspective to say this project doesn't fit and say so now. However, President Roe advised that he wasn't quite there yet, and was curious as to the perspective of individual REDA members on a specific question to support the application for funding concurrent with this type of study to receive answers as a legitimate option to the motion currently before the body.

Member McGehee stated that the only way she could be comfortable with this is for a real discussion to occur between the developer and community, to address their real and appropriate concerns, as well as a traffic study. Member McGehee stated that she didn't care how many units were involved if the city needed to provide financial assistance to make a project happen, but stated her opposition to any use of public monies for something that residents and the REDA's constituency didn't support and caused them to feel disenfranchised or that their quality of life was being ruined.

Member McGehee referenced an example from another community, where three representatives of the developer and the neighborhood got together to



develop a plan that would work; and if that could be achieved here as well, she would be supportive.

Regarding President Roe's suggested alternate motion, Member Laliberte spoke in support of that concurrent work; but expressed her preference for making it conditional upon award of MHFA dollars and verified maximum amount and term for a TIF district beyond verbal presentations.

For clarification purposes, Attorney Ingram advised that the intent of this proposed resolution before the REDA for action tonight was not committing any funding whatsoever by the REDA and city, but simply said that the resolution supported the developer's application for tax credits. Ms. Ingram noted that the MHFA required a resolution of support and certain language now showing that in concept the REDA would support the developer's application. Ms. Ingram stated that she wanted to make it clear that there is no requirement under the language of this resolution that the REDA has to move forward, but would allow for a concurrent process. If the tonight's action is to deny the resolution, Ms. Ingram advised that this would essentially kill the project, opining that the developer was unlikely to move forward without those tax credits.

At the request of President Roe, Ms. Ingram confirmed that the REDA could pass a motion separate from this proposed resolution describing the concurrent process beyond the resolution required for the developer to move forward in applying for tax credits.

Member McGehee asked whether the REDA could attach strings to the resolution allowing the developer to seek additional funding, and requiring them to meet with the neighborhood and at some point provide for majority support of their project. Even though the developer had indicated their willingness to look into it, Member McGehee noted that they hadn't offered any options to do so. Since the primary concern is one of density, Member McGehee questioned what would happen if the results were for a less dense version of the project or a different layout, and how that would impact funding applications already in place or pending.

Attorney Ingram deferred to the developer for their response based on their experience in the past with similar situations.

Executive Director Trudgeon advised that there would be impacts, since the developer and REDA were promoting the project with a certain configuration, with lower density dramatically affecting the economics and use of the proposed project.

At the request of President Roe, Mr. Thelen advised that with all developments done to-date, they had held neighborhood meetings, clarifying that the project

simply hadn't reached that stage at this point. As to how and whether developments had significantly changed based on those meetings, Mr. Thelen noted there were certain hot buttons (e.g. traffic engineering study) and while they may have lowered density in some projects, the conversations could be held even though it would impact certain pieces.

As to the pending applications, Mr. Thelen advised that all TIF and CDBG funding was related to the 60 affordable units on a separate legal lot; and therefore would affect those applications. However, specific to the MHFA application, Mr. Thelen noted that they would consider the larger project, with certain representations made by the developer and supported by the REDA in previous resolutions of support that may be of concern for all parties if changed significantly from that initial representation.

**John Belisle, Developer**

Mr. Belisle noted that TIF was intended to be collected from the entire site, but if units were reduced in number it may impact the term of the TIF, possibly by doubling the term, and asked that the REDA keep that in mind.

**Mr. Thelen**

At the request of Member McGehee, Mr. Thelen advised that the Ramsey County HOME funds were specific to the 60 affordable units; and while the Metropolitan Council pre-application was not tied to a specific number of units at this point, they would prefer higher density projects.

While Member McGehee stated that that the issue of most concern she heard from the neighbors was density not traffic, Mr. Thelen and President Roe concurred that traffic is a significant issue for the neighborhood in addition to density.

**Motion (restated)**

**McGehee moved, Laliberte seconded, to not approve the proposed resolution.**

Discussion ensued regarding this motion and its impacts, including interest in pursuing developer/neighborhood discussions; the developer missing this round of applications if the resolution of support isn't approved tonight; and potential tie vote with only four members available tonight.

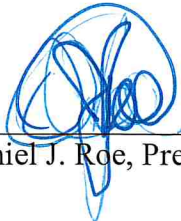
Member McGehee stated her continued support of the motion.

With the opportunity to review zoning designations and density as part of the 2040 comprehensive plan process currently underway, President Roe spoke in support of the motion to take a step back. President Roe clarified that he had no issue with the affordable housing being segregated; and opined that a lot of the project made sense, but further opined that the site may be problematic.

**Ayes: 3**  
**Nays: 1 (Etten)**  
**Motion carried.**

- 8. Approve Minutes**
- 9. Approve Consent Agenda**
- 10. Adjourn to City Council Meeting**  
Etten moved, McGehee seconded, adjourning the REDA meeting.

**Ayes: 4**  
**Nays: 0**  
**Motion carried.**



---

Daniel J. Roe, President

ATTEST:



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Patrick J. Trudgeon, Secretary/Executive Director



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

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 8th day of May, 2017, at 6:00 p.m.

The following members were present: Willmus, Etten, McGehee, Laliberte and Roe  
and the following were absent: None

Commissioner Etten introduced the following resolution and moved its adoption:

**Resolution No. 8**

**RESOLUTION IN SUPPORT OF SAND DEVELOPMENT, LLC’S APPLICATION FOR  
RAMSEY COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)/HOME  
INVESTMENT PARTNERSHIP FUNDS FOR THE DEVELOPMENT OF EDISON  
APARTMENTS (f/k/a ARBOR ROSE APARTMENTS)**

WHEREAS, Sand Development, LLC (the “Developer”) has proposed the development of a multifamily rental housing facility including 60 units of workforce housing (the “Facility”), to be located along Old Highway 8 in the City of Roseville (the “City”);

WHEREAS, to finance a portion of the costs to develop the Facility, the Developer has applied for HOME Investment Partnership Program (“HOME”) funds allocated to Ramsey County;

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority hereby supports the request by the Developer for HOME funding through Ramsey County to finance a portion of the costs of the proposed Facility.

Adopted by the Board of the Authority this 8<sup>th</sup> day of May, 2017.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, 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 regularly held meeting thereof on May 8, 2017.

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

Etten, Laliberte and Roe

and the following voted against the same: Willmus and McGehee

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 9<sup>th</sup> day of May, 2017



Executive Director  
Roseville Economic Development Authority

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

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the "Board") of the Roseville Economic Development Authority (the "Authority") was duly held on the 8th day of May, 2017, at 6:00 p.m.

The following members were present: Willmus, Etten, McGehee, Laliberte and Roe  
and the following were absent: None.

Commissioner Etten introduced the following resolution and moved its adoption:

**Resolution No. 9**

**RESOLUTION IDENTIFYING THE NEED FOR LIVABLE COMMUNITIES  
DEMONSTRATION ACCOUNT FUNDING AND AUTHORIZING APPLICATION FOR  
GRANT FUNDS**

WHEREAS the Roseville Economic Development Authority (the "Authority") is eligible to apply for Livable Communities Demonstration Account funds (the "LCDA Funds") on behalf of cities participating in the Livable Communities Act's Housing Incentives Program for 2017 as determined by the Metropolitan Council; and

WHEREAS only a limited amount of grant funding is available through the LCDA during each funding cycle, and the Metropolitan Council has determined that it is appropriate to allocate such funds only to eligible projects where the funds assist innovative development criteria that meet LCDA priorities; and

WHEREAS the Authority has identified a proposed project consisting of the development of a multifamily rental housing facility including 60 units of workforce housing and 149 units of market rate housing (the "Project") within the City of Roseville (the "City") that meets the purposes and criteria of the LCDA Funds and is consistent with and promotes the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

WHEREAS the Authority has the institutional, managerial and financial capability to ensure adequate administration of the Project; and

WHEREAS the Authority will comply with all applicable laws and regulations as stated in the grant agreement governing the LCDA Funds; and

WHEREAS the Authority agrees to act as legal sponsor for the Project described in the



LCDA Funds grant application submitted on June 29, 2017; and

WHEREAS the Authority acknowledges that grants funded through LCDA Funds are intended to fund projects or project components that can serve as models, examples or prototypes for development or redevelopment projects elsewhere in the region, and therefore represents that the Project or key components of the Project can be replicated in other metropolitan-area communities.

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority authorizes and directs its Executive Director to submit an application for Metropolitan Council LCDA Funds for the components of the Project identified in the application, and to execute such agreements as may be necessary to implement the Project on behalf of the City, where the Project is located.

Adopted by the Board of the Authority this 8<sup>th</sup> day of May, 2017.

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 regularly held meeting thereof on May 8, 2017.

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

Etten, Laliberte and Roe

and the following voted against the same: Willmus and McGehee

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 9<sup>th</sup> day of May, 2017



Executive Director  
Roseville Economic Development Authority

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

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 17th day of July, 2018, at 6:00 p.m.

The following members were present: Willmus, Etten, McGehee, Laliberte, and Roe

and the following were absent: None

Commissioner Etten introduced the following resolution and moved its adoption:

**Resolution No. 26**

**RESOLUTION IDENTIFYING THE NEED FOR TAX BASE REVITALIZATION  
ACCOUNT GRANT FUNDING AND AUTHORIZING APPLICATION FOR GRANT  
FUNDS FOR EDISON APARTMENTS, LLC**

WHEREAS the Roseville Economic Development Authority (the “Authority”) is eligible to apply for Tax Base Revitalization Account (“TBRA”) funds on behalf of cities participating in the Livable Communities Act’s Housing Incentives Program for 2018 as determined by the Metropolitan Council; and

WHEREAS only a limited amount of grant funding is available through the TBRA during each funding cycle, and the Metropolitan Council has determined that it is appropriate to allocate such funds only to eligible projects where the funds assist with environmental investigation and cleanup activities that meet TBRA priorities; and

WHEREAS the Authority acknowledges that grants funded through the TBRA are intended to fund environmental investigation and cleanup of brownfield properties in order to increase tax base and foster the creation of jobs in the Twin Cities metropolitan area; and

WHEREAS Edison Apartments, LLC (the “Developer”) has requested TBRA grant assistance for a portion of the costs of environmental remediation in connection with the construction of a multifamily rental housing facility (the “Project”) in the City of Roseville, and the Authority has determined that such Project meets the purposes and criteria of the TBRA; and

WHEREAS the Authority has the institutional, managerial and financial capability to ensure adequate administration of the Project; and

WHEREAS if TBRA grant funding is received, the Authority will comply with all

applicable laws and regulations provided in the TBRA grant agreement for the Project in its administration of the TBRA grant; and

WHEREAS the Authority agrees to act as legal sponsor for the Project described in the TBRA grant application to be submitted on or before November 1, 2018; and

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority authorizes and directs its Executive Director to submit an application for a TBRA grant from the Metropolitan Council for the components of the Project identified in the application, and, if the TBRA grant is awarded, to execute such agreements as may be necessary to implement the Project on behalf of the City of Roseville, where the Project is located.

Adopted by the Board of the Authority this 17<sup>th</sup> day of July, 2018.

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 regularly held meeting thereof on July 17, 2018.

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

Willmus, Etten, and Roe

and the following voted against the same: McGehee, Laliberte

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 17<sup>th</sup> day of July, 2018



Executive Director, Patrick Trudgeon  
Roseville Economic Development Authority

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

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 17th day of July, 2018, at 6:00 p.m.

The following members were present: Willmus, Etten, McGehee, Laliberte and Roe  
and the following were absent: None

Commissioner Etten introduced the following resolution and moved its adoption:

**Resolution No. 27**

**RESOLUTION IN SUPPORT OF APPLICATION FOR RAMSEY COUNTY  
ENVIRONMENTAL RESPONSE GRANT FUNDS FOR THE DEVELOPMENT OF  
EDISON APARTMENTS**

WHEREAS the Roseville Economic Development Authority (the “Authority”) is eligible to apply for an Environmental Response Fund (“ERF”) grant from Ramsey County (the “County”) for eligible projects; and

WHEREAS only a limited amount of grant funding is available through the ERF during each funding cycle, and the County has determined that it is appropriate to allocate such funds only to eligible projects where the funds assist with environmental cleanup that meets ERF priorities; and

WHEREAS the Authority understands that grants funded through the ERF are intended to fund a portion of the costs of environmental cleanup of brownfield properties; and

WHEREAS Edison Apartments, LLC (the “Developer”) has requested ERF grant assistance in connection with its construction of a multifamily rental housing facility (the “Project”) within the City of Roseville, and the Authority has determined that the Project meets the purposes and criteria of the ERF; and

WHEREAS the Authority has the institutional, managerial and financial capability to ensure adequate administration of the Project; and

WHEREAS the Authority agrees that if it receives ERF grant assistance for the Project, it will comply with all applicable laws and regulations as provided in the ERF grant agreement in its administration of the ERF grant; and



WHEREAS the Authority agrees to act as legal sponsor for the Project described in the ERF grant application to be submitted on or before November 1, 2018.

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority hereby supports the request by the Developer for an ERF grant through the County to finance a portion of the costs associated with environmental remediation of the proposed Project. The Authority further authorizes Authority staff to submit an ERF grant application on the Developer's behalf.

Adopted by the Board of the Authority this 17<sup>th</sup> day of July, 2018.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, 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 regularly held meeting thereof on July 17, 2018.

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

Willmus, Etten, and Roe

and the following voted against the same: McGehee, Laliberte

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 17<sup>th</sup> day of July, 2018



Executive Director, Patrick Trudgeon  
Roseville Economic Development Authority

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

\* \* \* \* \*

Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners (the "Board") of the Roseville Economic Development Authority (the "Authority") was duly held on the 22<sup>nd</sup> day of April, 2019, at 6:00 p.m.

The following members were present: Willmus, Laliberte, Groff, Etten, and Roe  
and the following were absent: None

Commissioner Etten introduced the following resolution and moved its adoption:

**Resolution No. 38**

**RESOLUTION IN SUPPORT OF ROSEVILLE EDISON II, LLC'S APPLICATION  
FOR RAMSEY COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT  
(CDBG)/HOME INVESTMENT PARTNERSHIP FUNDS FOR THE DEVELOPMENT  
OF EDISON APARTMENTS**

WHEREAS, Roseville Edison II, LLC (the "Developer") has proposed the development of a multifamily rental housing facility including 60 units of workforce housing (the "Facility"), to be located at 3090 Old Highway 8 in the City of Roseville (the "City");

WHEREAS, to finance a portion of the costs to develop the Facility, the Developer has applied for HOME Investment Partnership Program ("HOME") funds allocated to Ramsey County;

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority hereby supports the request by the Developer for HOME funding through Ramsey County to finance a portion of the costs of the proposed Facility.

Adopted by the Board of the Authority this 22<sup>nd</sup> day of April, 2019.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, 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 specially held meeting thereof on April 22, 2019.

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

Laliberte, Groff, Etten, and Roe

and the following voted against the same: None

whereupon said resolution was declared duly passed and adopted.

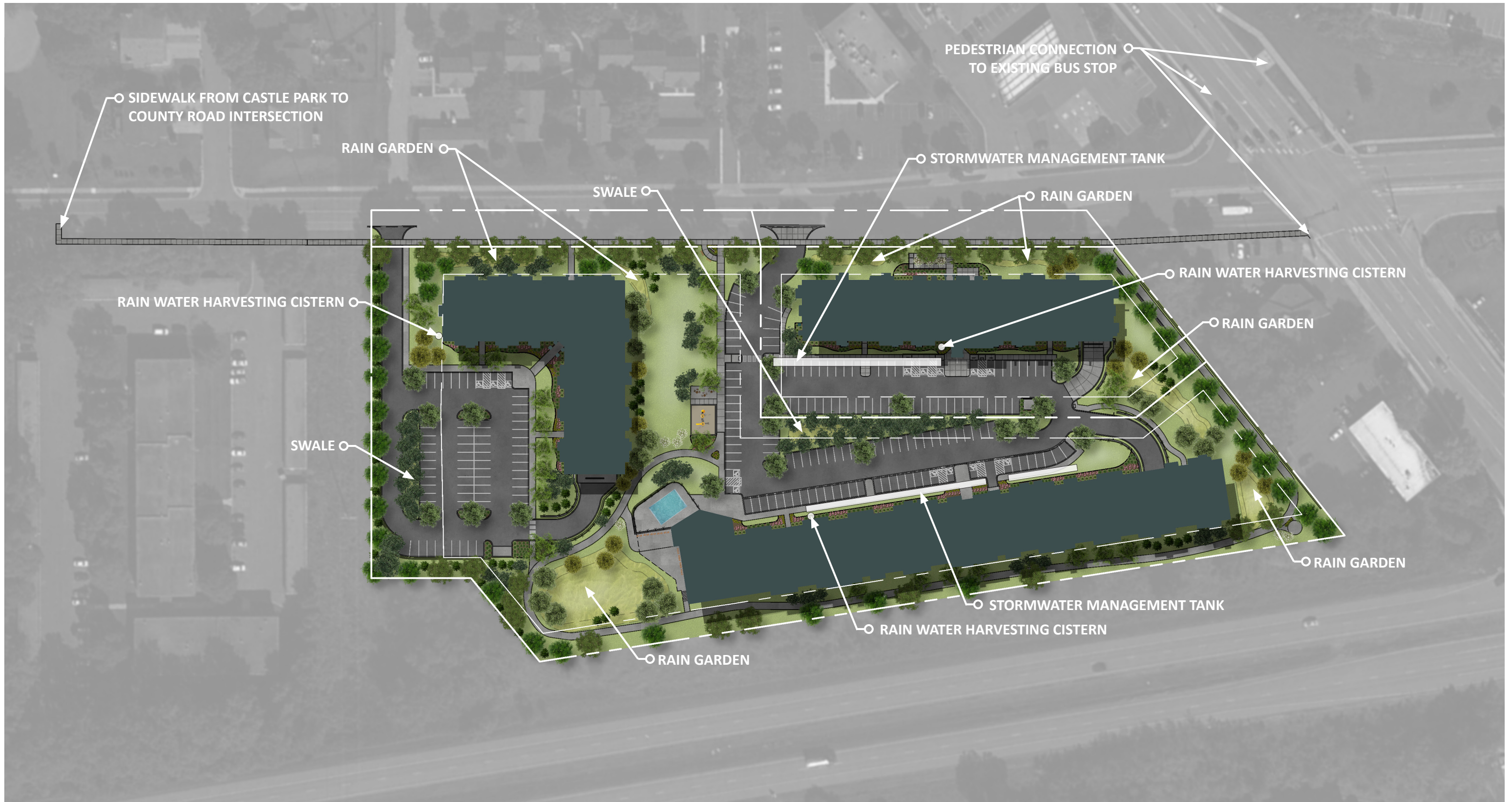
Witness my hand as the Executive Director of the Authority this 22<sup>nd</sup> day of April, 2019



Executive Director, Patrick Trudgeon  
Roseville Economic Development Authority







ROSEVILLE, MINNESOTA

**GRANT REQUESTED ACTIVITIES PLAN - EDISON**

NORTH



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

\* \* \* \* \*

Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 13th day of May, 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.**

**RESOLUTION IN SUPPORT OF CITY OF ROSEVILLE SEWER ACCESS CHARGE  
CREDITS FOR THE DEVELOPMENT OF EDISON APARTMENTS**

WHEREAS, Edison Apartments, LLC (the “Developer”) and the Roseville Economic Development Authority (the “Authority”) have previously entered into a Contract for Private Development (the “Contract”), providing for grant assistance to the Developer in connection with the development of a phased multifamily rental housing facility (the “Facility”), to be located at 3090 Old Highway 8 in the City of Roseville (the “City”); and

WHEREAS, to finance a portion of the costs to develop the second phase of the Facility, which includes approximately 59 units of workforce housing, the Developer has requested certain financial assistance from the Authority; and

WHEREAS, the Authority is willing to support financial assistance upon certain conditions;

**NOW THEREFORE BE IT RESOLVED THAT**

1. The Roseville Economic Development Authority hereby supports the request by the Developer to finance a portion of the costs of the proposed second phase of the Facility, in the amount of \$1,000 in sewer access charge (SAC) credits per unit of workforce housing, up to a total of \$59,000.

2. Such assistance is subject to the conditions that (a) the overall Facility shall be limited to a total of 209 units of rental housing; and (b) no more than eight units of rental housing be designated for occupancy by homeless persons.

3. Authority staff and consultants are hereby authorized and directed to negotiate an



46 amendment to the Contract memorializing the terms set forth in this resolution, to be brought  
47 before the Board of Commissioners of the Authority for approval at a future meeting.

48

49 Adopted by the Board of the Authority this 13th day of May, 2019.

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Certificate

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I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, 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 specially held meeting thereof on May 13, 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 May, 2019

\_\_\_\_\_  
Executive Director  
Roseville Economic Development Authority



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: May 13, 2019  
Item No.: 5.c

Department Approval

Executive Director Approval

Item Description: Consider a Resolution of Support for Community Development Block Grant Funds to Leverage Minnesota Housing and Met Council Funds for Redevelopment of 2690 Prior Avenue (known as the PIK Property)

1  
2 **BACKGROUND**

3 In an effort to foster redevelopment of the PIK Properties site, located at 2690 Prior Avenue in the Twin  
4 Lakes Redevelopment Area, staff brought forward a resolution of support to apply for Tax Base  
5 Revitalization Account (TBRA) investigation funds on October 18, 2018 that the REDA adopted  
6 (Attachment A). This effort was on behalf of the current property owner (PIK Properties). The site design  
7 concept shared at that meeting was being used by the property owner to discuss possible redevelopment  
8 opportunities with interested parties (Attachment B). It should be emphasized this original site plan was  
9 highly conceptual. The REDA's request for TBRA grant funds was successful, resulting in an award of  
10 \$50,000. These funds can only be used to reimburse the developer 75% of the costs of the environmental  
11 investigation. In order to access the grant, PIK Properties identified a developer (Schafer Richardson) who  
12 is interested in pursuing a mixed-use development consisting of housing on the east side of the property and  
13 a medical office user on the west side (Attachment C).  
14

15 **HSS TIF DISTRICT 17A**

16 PIK Properties is located in an existing Hazardous Substance Subdistrict (HSS) Tax Increment Financing  
17 (TIF) district #17A, which was created in 2005. This district has served its intended purpose by generating  
18 enough increment to clean up the site. Unfortunately, since the property did not start redevelopment within  
19 10 years of creating the TIF district and in accordance with TIF law, the overall HSS TIF district is now  
20 limited to 25% pooling funds only. In order to gain access to 100% of the funds this district has generated,  
21 the City Council on December 3, 2018 adopted as part of their Legislative Priorities for 2019 to lobby for  
22 special legislation to utilize these funds. The City Manager has been working with our lobbyist to include  
23 these provisions in the Legislature's omnibus tax bill. It is expected that success or failure of this effort  
24 will be known by the end of this month. The property owner and the REDA entered into a Preliminary  
25 Development Agreement to share in the costs for these lobbying efforts (Attachment D).  
26

27 **REQUEST**

28 Schafer Richardson has a letter of intent to purchase the property and is proposing to develop a mix of uses  
29 on the site to include housing and office. Specifically, the concept plan includes approximately 170 units of  
30 affordable housing and approximately 200 units of market rate housing in two buildings. At this time,  
31 Schafer Richardson is requesting Community Development Block Grant (CDBG) Funds of \$295,000  
32 deferred for 35 years with 0% interest rate to assist with leveraging financing from Minnesota Housing and

33 the Metropolitan Council for 4% Tax Credits, Bonds and subordinated debt. Ehlers has reviewed the  
34 application and has determined it meets underwriting criteria and the use of CDBG funds would help offset  
35 any other applications for public subsidy if and when the development is awarded financing from Minnesota  
36 Housing and the Metropolitan Council. Note that “other applications for public subsidy” likely will include  
37 a request from the REDA for affordable housing TIF. However, the developer has decided to delay this  
38 request to instead pursue other funding sources that, if successful, will reduce future public subsidy requests  
39 from the REDA.  
40

41 Because this site is a brownfield redevelopment site and most likely challenged with conditions requiring  
42 remediation and soil corrections, similar to other sites in the area, the developer will be submitting  
43 applications to other funding sources seeking awards that would make the development financially feasible.  
44 As the developer works through the funding application cycles, they will be completing more due-diligence  
45 on environmental remediation and soil suitability and refine a site plan that is most practical to implement.  
46 Noting this, staff advises the REDA to consider the attached site concept only as a massing exercise to  
47 understand the sizes of the buildings needed to serve the housing and office uses, knowing a more intensive  
48 site design process lies ahead. During the meeting, Schafer Richardson will provide information on the  
49 product they build and the amenities they intend to offer with this development (Attachment E).  
50

51 **STAFF RECOMMENDATION**

52 Staff recommends the REDA adopt a Resolution supporting the use of Community Development Block  
53 Grant funds to leverage other funding sources for the proposed mixed-use development of 2690 Prior  
54 Avenue within the Twin Lakes Redevelopment Area (Attachment F).  
55

56 **REQUESTED COUNCIL ACTION**

57 Motion to adopt a Resolution supporting the use of Community Development Block Grant funds to  
58 leverage other funding sources for the proposed mixed-use development of 2690 Prior Avenue within  
59 the Twin Lakes Redevelopment Area (Attachment F).  
60

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

Attachments      A: Resolution Authorizing TBRA Application  
                          B: Original Site Concept  
                          C: General Site Concept 5/13/2019  
                          D: Preliminary Development Agreement with PIK Properties  
                          E: PowerPoint Presentation of Schafer Richardson  
                          F: Resolution supporting use of the CDBG funds

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

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners (the “Board”) of the Roseville Economic Development Authority (the “Authority”) was duly held on the 16th day of October, 2018, at 6:00 p.m.

The following members were present: McGehee, Laliberte, and Roe

and the following were absent: Willmus and Etten

Commissioner McGehee introduced the following resolution and moved its adoption:

**Resolution No. 29**

**RESOLUTION IDENTIFYING THE NEED FOR TAX BASE REVITALIZATION  
ACCOUNT GRANT FUNDING AND AUTHORIZING APPLICATION FOR GRANT  
FUNDS FOR PIK PROPERTIES 2690 TWIN LAKES PARKWAY**

WHEREAS the Roseville Economic Development Authority (the “Authority”) is eligible to apply for Tax Base Revitalization Account (“TBRA”) funds on behalf of cities participating in the Livable Communities Act’s Housing Incentives Program for 2018 as determined by the Metropolitan Council; and

WHEREAS only a limited amount of grant funding is available through the TBRA during each funding cycle, and the Metropolitan Council has determined that it is appropriate to allocate such funds only to eligible projects where the funds assist with environmental investigation and cleanup activities that meet TBRA priorities; and

WHEREAS the Authority acknowledges that grants funded through the TBRA are intended to fund environmental investigation in order to increase tax base and foster the creation of jobs in the Twin Cities metropolitan area; and

WHEREAS PIK Properties (the “Developer”) has requested TBRA grant assistance to assist with a portion of the costs of environmental investigation in connection with the construction of a mixed use/corporate housing/multifamily rental housing (the “Project”) in the City of Roseville, and the Authority has determined that such Project meets the purposes and criteria of the TBRA; and

WHEREAS the Authority has the institutional, managerial and financial capability to ensure adequate administration of the Project; and

WHEREAS if TBRA grant funding is received, the Authority will comply with all

applicable laws and regulations provided in the TBRA grant agreement for the Project in its administration of the TBRA grant; and

WHEREAS the Authority agrees to act as legal sponsor for the Project described in the TBRA grant application to be submitted on or before November 1, 2018; and

NOW THEREFORE BE IT RESOLVED THAT the Roseville Economic Development Authority authorizes and directs its Executive Director to submit an application for a TBRA grant from the Metropolitan Council for the components of the Project identified in the application, and, if the TBRA grant is awarded, to execute such agreements as may be necessary to implement the Project on behalf of the City of Roseville, where the Project is located.

Adopted by the Board of the Authority this 16<sup>th</sup> day of October, 2018.



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 regularly held meeting thereof on October 16, 2018.


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

McGehee, Laliberte, and Roe

and the following voted against the same: None

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 16<sup>th</sup> day of October,  
2018

  
Executive Director, Patrick Trudgeon  
Roseville Economic Development Authority

# Pik Terminal site



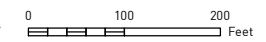
**ROSEVILLE**  
Prepared by:  
Community Development Department  
Printed: October 10, 2018



Site Location

**Data Sources**  
\* Ramsey County GIS Base Map (9/5/2018)  
\* Aerial Data: Sanborn (4/2017)  
For further information regarding the contents of this map contact:  
City of Roseville, Community Development Department,  
2660 Civic Center Drive, Roseville MN

**Disclaimer**  
This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. The City does not warrant that the Geographic Information System (GIS) Data used to prepare this map are error free, and the City does not represent that the GIS Data can be used for navigational, tracking or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found please contact 651-792-7085. The preceding disclaimer is provided pursuant to Minnesota Statutes §466.02, Subd. 21 (2000), and the user of this map acknowledges that the City shall not be liable for any damages, and expressly waives all claims, and agrees to defend, indemnify, and hold harmless the City from any and all claims brought by User, its employees or agents, or third parties which arise out of the user's access or use of data provided.





# CONCEPT SITE PLAN







PRELIMINARY DEVELOPMENT AGREEMENT

THIS PRELIMINARY DEVELOPMENT AGREEMENT (this "Agreement"), dated December 6, 2018, by and between the Roseville Economic Development Authority, a public body corporate and politic and a political subdivision of the State of Minnesota (the "Authority") and PIK Terminal Co. Limited Partnership, a Minnesota limited partnership (the "Developer");

WITNESSETH:

WHEREAS, the Authority desires to promote redevelopment of certain property within Redevelopment Project No. 1 (the "Project"), located at 2690 Prior Avenue in the City of Roseville, Minnesota (the "Property"); and

WHEREAS, the Developer owns the Property and wishes to perform certain environmental remediation on said Property (the "Remediation"); and

WHEREAS, the Developer has requested that the Authority explore the use of tax increment financing under Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Tax Increment Act") to offset the costs of the Remediation, and specifically the use of pooled increment from the Authority's Tax Increment Hazardous Substance Subdistrict No. 17A (the "Subdistrict Increment"); and

WHEREAS, under the Tax Increment Act, the Authority is not authorized to commit a sufficient amount of the Subdistrict Increment to fully reimburse the cost of the Remediation, and must therefore seek approval by the Minnesota legislature (the "Legislature") of special legislation that would authorize the use of such Subdistrict Increment for this purpose (the "Legislation"); and

WHEREAS, the Authority and the Developer are willing and desirous to undertake the Remediation if the Authority is successful in obtaining the Legislation; and

WHEREAS, the parties wish to enter into this Agreement setting forth their respective undertakings in connection with the Property.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the Authority and the Developer hereby agree as follows:

1. During the term of this agreement, the Authority agrees to negotiate solely with the Developer or its permitted successors and assigns with regard to the Remediation and eventual redevelopment of the Property.
2. The Authority agrees to work with its consultants and legislative lobbyist towards drafting the Legislation authorizing the use of the Subdistrict Increment to reimburse the costs of the Remediation, and if such Legislation is approved by the Legislature, the Authority agrees to follow all procedures required by Minnesota law to give effect to such Legislation.

3. Developer agrees to work with the Minnesota Pollution Control Authority ("MPCA") to finalize a Response Action Plan and to determine the costs of the Remediation, and to submit this information to the Authority for its review.

4. The Authority agrees to direct its staff and legal and financial consultants to review the Developer's financial information and to determine the amount of Subdistrict Increment needed to reimburse the costs of the Remediation and the conditions for such reimbursement.

5. If, in the Authority's reasonable judgment, the Legislation is adequate to authorize an amount of Subdistrict Increment sufficient to reimburse all costs of the Remediation, the Authority and the Developer agree to negotiate a definitive Contract providing generally for (a) Remediation of the Property by the Developer; (b) tax increment assistance in the amount determined by the Authority to be necessary to reimburse the costs to the Developer of the Remediation; and (c) timely performance of the Remediation by Developer. Any definitive Contract is subject to approval by the Authority's Board of Commissioners. It is expressly understood that the Contract, when executed, will supersede this Agreement in all respects. Execution and implementation of the Contract shall be subject to:

(a) A determination by the Authority in its sole discretion that its undertakings are feasible based on (i) the Subdistrict Increment available; (ii) the purposes and objectives of any tax increment, redevelopment, or other plan created or proposed for the purpose of providing financial assistance for the Remediation; and (iii) the best interests of the City.

(b) A determination by the Authority that any financial assistance is reasonably necessary in order to make the Remediation financially feasible, and that any such assistance is limited to the amount necessary to achieve financial feasibility based on review of all the facts and circumstances.

6. The Authority acknowledges receipt from Developer of \$5,000, which will be held in escrow to be used to reimburse the Authority for fifty percent (50%) of the out-of-pocket costs incurred by the Authority in connection with obtaining the Legislation. Such costs include fees paid to attorneys, the Authority's financial advisor, and the Authority's lobbyist in connection with drafting, submission, and advocating for the Legislation. If the Authority incurs costs in excess of \$10,000, the Developer must reimburse the Authority for fifty percent (50%) of such additional costs within 10 days after receipt of a written invoice from the Authority describing the amount and nature of the costs to be reimbursed.

7. This Agreement may be terminated (a) by either party at any time upon 10 day's written notice to the other party; (b) by mutual written agreement of the parties hereto; or (c) pursuant to paragraph 9 hereof. Upon such termination, no party shall have any further obligations to the others under this Agreement, except that Developer remains obligated to pay any costs payable under paragraph 6 that were incurred by the Authority before the effective date of termination.

8. In expansion and not in limitation of paragraph 7 hereof, Developer agrees to notify the Authority and to terminate this Agreement as soon as reasonably practicable if the Developer determines that the Developer is unable to perform the Remediation.



9. This Agreement shall terminate by its terms if the governing body of the Authority has not approved the Contract by June 30, 2019. Upon such termination, the Developer remains obligated to pay any costs payable under paragraph 6 that were incurred by the Authority prior to such date.

10. Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to the Authority:

Roseville Economic Development Authority  
Attn: Executive Director  
2660 Civic Center Drive  
Roseville, MN 55113

(b) As to the Developer:

PIK Terminal Co. Limited Partnership  
Attn: Nanette Pikovsky  
8679 Riley Curve  
Chanhassen, MN 55317

11. This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

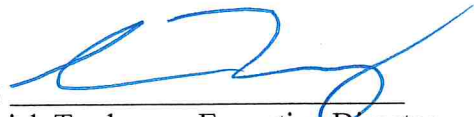
12. This Agreement may be assigned to any successor or assign designated by the Developer.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

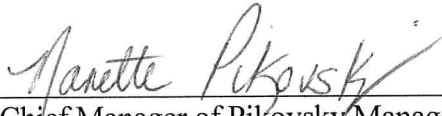
(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and its seal to be duly affixed hereto and the Developer has caused this Agreement to be duly executed as of the date and year first above written.

ROSEVILLE ECONOMIC DEVELOPMENT  
AUTHORITY

By:   
Patrick Trudgeon, Executive Director

PIK TERMINAL CO. LIMITED PARTNERSHIP

By:   
The Chief Manager of Pikovsky Management, LLC, a  
Minnesota limited liability company and the general  
partner of the above-named limited partnership

# PIK Terminal Site

Maureen Michalski  
Vice President, Development

Investment

Development

Construction

Leasing & Management







# Developer Introduction

- 25 year track record
- Based in Minneapolis
- 2,000 multifamily units built
- 3 million sf commercial portfolio



Investment

Development

Construction

Leasing & Management



# Current Developments



Investment

Development

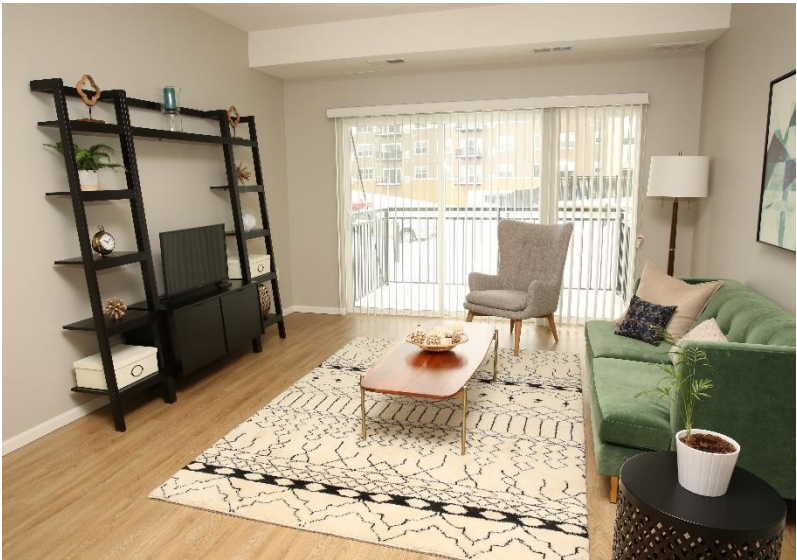
Construction

Leasing & Management





# Example Finishes



Investment

Development

Construction

Leasing & Management



# Example Amenities

Attachment E



Schafer  
Richardson



Investment

Development

Construction

Leasing & Management



# Why this site?

- Roseville has Exceptionally Low Rental Housing Vacancy
  - 1.3% for Market Rate Properties
  - 0% For Affordable Properties
  - Housing Needs Assessment calls for 485 units of Market Rate and Affordable Housing
- Access to Roseville Area Schools
- Limited number of of 10+ acre developable sites in the Twin Cities
- Access to Local Amenities
  - Trails and Lake Connectivity to the North

# Proposed Site Uses

- Three component brownfield redevelopment
  - Medical Office- approximately 60,000 sf
  - Market Rate Multifamily- approximately 200 units
  - Affordable Multifamily- approximately 170 units
- Over \$100 million in new investment
- Density required to provide appropriately priced product and justify site preparation, infrastructure and development costs

# What is “Affordable”?

- Renters required to provide source(s) of income to cover 100% of rent
- Targeting households averaging 60% of area median income (AMI)
- Income averaging applied to broaden renter base (50%-70% AMI)
- Income restrictions are based on household size
  - 1 Person Household: \$35,000 / year | 4 Person Household: \$70,000 / year
- Who may income qualify\*:
  - veterinary technicians (\$39,400) | computer support specialists (\$56,850)
  - community health workers (\$45,220) | teachers (\$42,310) | file clerks (\$34,490)
  - nursing assistants (\$35,260) | bus drivers (\$42,630) | office supervisor (\$64,840)

\*Data from the May 2018 Metropolitan Occupational Employment and Wage Estimates for the Minneapolis-St. Paul-Bloomington MSA published by the United States Department of Labor Bureau of Labor Statistics [https://www.bls.gov/oes/current/oes\\_33460.htm#47-0000](https://www.bls.gov/oes/current/oes_33460.htm#47-0000)

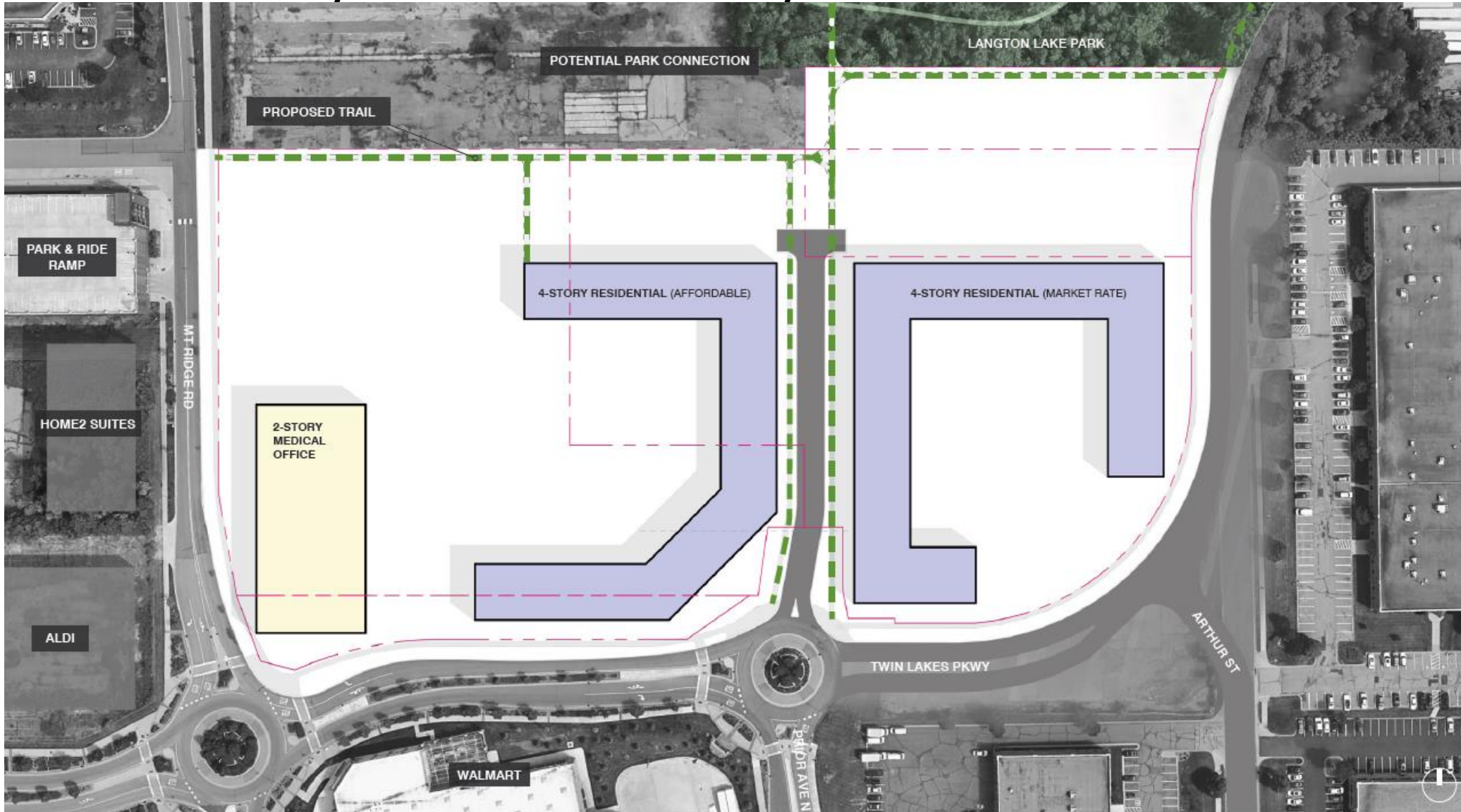


# Anticipated Multifamily Rents by Unit Type

Bedrooms	50% AMI	60% AMI	70% AMI	Market
Studio	\$901	\$1,082	\$1,262	\$1,135-\$1,300
One	\$965	\$1,158	\$1,351	\$1,515
Two	\$1,158	\$1,390	\$1,622	\$1,861-\$2,065
Three	\$1,339	\$1,606	\$1,874	\$2,340

The above affordable rents are projected 2020 gross rents prior to utility allowances.  
 The market rents are net of any utility charges.

# Preliminary Site Fit Study





 Investment

 Development

 Construction

 Leasing & Management





47 WHEREAS, the EDA supports the use of CDBG funds in an amount not to exceed  
48 \$295,000 in connection with the Improvements, and is further willing to  
49 explore tax increment and other financial assistance (subject to a pro forma  
50 analysis by the EDA's municipal advisor), to finance a portion of the  
51 extraordinary acquisition and redevelopment 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) execution of a  
55 preliminary development agreement that provides for the negotiation of a  
56 definitive redevelopment contract addressing (among other things) the  
57 terms under which the Redeveloper will construct the Improvements on the  
58 Property, the conditions under which the EDA will provide financial  
59 assistance, and the potential sources of such financial assistance, the EDA  
60 agrees to explore the use of CDBG funds to finance up to \$295,000 of the  
61 extraordinary costs of the Improvements, and to determine the amount and  
62 scope of any additional financial assistance for the Improvements, in  
63 compliance with the EDA Act.  
64  
65

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

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

69  
70 and the following voted against the same:

71  
72 WHEREUPON said resolution was declared duly passed and adopted.  
73



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 special meeting thereof on May 13, 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 May, 2019.

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