

**CITY OF FRIDLEY  
HOUSING AND REDEVELOPMENT AUTHORITY COMMISSION  
May 3, 2018**

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**Chairperson Gabel** called the Housing and Redevelopment Authority Meeting to order at 7:00 p.m.

**MEMBERS PRESENT:** Pat Gabel  
William Holm  
Stephen Eggert  
Gordon Backlund

**MEMBERS ABSENT:** Kyle Mulrooney

**OTHERS PRESENT:** Paul Bolin, HRA Assistant Executive Director  
Wally Wysopal, City Manager  
Jim Casserly, Development Consultant  
Scott Hickok, Community Development Director

**Action Items:**

**1. Approval of Expenditures**

**MOTION** by Commissioner Holm to approve the expenditures. Seconded by Commissioner Eggert.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY**

**2. Approval of April 5, 2018 Meeting Minutes**

**MOTION** by Commissioner Holm to approve the minutes as presented. Seconded by Commissioner Backlund.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED**

**3. Redevelopment Agreement – Sherman / NS Rail Station Site**

**Paul Bolin**, HRA Assistant Executive Director, stated that the Sherman Group would like to move forward with developing the Fridley Northstar Station site. The project is still planned to have three buildings totaling 248 units. Construction would start in the spring of 2019. Discussions with Metro Transit have reduced the required number of parking stalls dedicated to Northstar from 320 to 80. This provides more flexibility in the design and allows for additional green space. Staff and legal counsel have been working with Metro Transit to identify all of the documents that will need to be amended to allow this change to the original lease agreement.

Staff anticipates this may take until this fall to gather all of the approvals and signatures needed. Staff recommends the Authority approves the redevelopment agreement with the Sherman Group.

**Shane LaFave**, Sherman Group, was here a year ago and wanted to move forward with the low-income building and now he is asking to build the other two buildings first. What changed is a year ago he didn't know what Northstar would do as far as reducing the parking lot requirements. He applied for the MN housing 9% tax credit award and didn't get funded and he also didn't want to compete with the Cielo development that was starting up a year ago. The City wants to see this project succeed and now the plan is to move forward with the first two buildings at the same time. The application will be in a less competitive pool this time and they are only asking for a small deferred loan instead of the 9% tax credit. The project is now designated in a qualified census tract which allows for the maximum request. Upon approval, Sherman Group would start designing right away and construction would start about a year from now. If all goes well all three buildings could start construction at the same time as the development targets different demographics. Each building would have one level of underground parking with four levels above grade.

**Chairperson Gabel** asked what a qualified census tract was.

**Mr. LaFave** replied that census tracts are in population areas of lower incomes and provide an incentive up to 30% to developers to build housing in those areas. The construction costs and hard costs are used to qualify for eligible for tax credits.

**Commissioner Eggert** asked if this development would be similar to the one in Maplewood.

**Mr. LaFave** replied that it would be a very similar product creating multiple units of housing on the same site, creating a community.

**Commissioner Eggert** asked for an explanation if the financial assistance was granted and if it wasn't granted.

**Mr. LaFave** replied that there are multiple ways to get this done and they could look elsewhere like through Anoka County or creatively look for other options. One option is to construct more market rate housing or another type of use that presents itself.

**Commissioner Backlund** asked if the underground parking was included in the 80 parking stalls.

**Mr. LaFave** replied that the 80 parking stalls is not part of this development, that is for the Metro Transit requirement.

**Commissioner Backlund** asked if the market rate senior building could stand on their own.

**Mr. LaFave** replied that the 55+ rate and non-age doesn't need anything from MN Housing. The TIF and our equity will be enough to move that building forward. It is the low-income building that is dependent on the award tax credit from MN tax housing. With the low rents and no subsidy, that building would have to convert to market rate housing.

**Commissioner Eggert** asked if Sherman would be retaining ownership on the properties.

**Mr. LaFave** replied that they would manage the property a minimum of 15 years. Their vision is to create a portfolio around urban cores next to transit and in urban areas. This is the center of the target of where they want to be.

**Commissioner Backlund** asked if the exterior would blend with neighborhood and vision of the City plans.

**Mr. LaFave** replied that this is preliminary. When they start to create the design, they will want City input.. The design is flexible and will go through the formal design process. All residents will be able to subscribe to solar energy and receive a discount.

**Commissioner Holm** asked what subscribe meant.

**Mr. LaFave** replied that they can't force people but the option is present in the lease paperwork upfront, no other paperwork is needed but the signature.

**Commissioner Holm** asked which building would be built first.

**Mr. LaFave** replied that both buildings could be built at the same time. First, they would work on the storm water, site utility, ponding and the infrastructure; then both buildings could start at the same time.

**Commissioner Holm** asked how much money was available from the State in tax credits.

**Mr. LaFave** replied \$9.0m in credits and \$80.0m in bonding capacity. There are ample resources, but they are very competitive.

**Chairperson Gabel** asked if there would be on-site management 24/7.

**Mr. LaFave** replied yes, plus every unit will have a wash and dryer, community rooms, underground parking, rent out areas, outdoor amenities including a pool, green space and playground.

**Jim Casserly**, Development Consultant, said that in the end there will be three separate closings, notes and ownerships.

**Commissioner Holm** asked for explanation of the tax increment above the value from the date it was purchased.

**Mr. Casserly** replied that the property tax is exempt now and when it is sold to a private sector the property will be revalued and that will become the base for that portion of the tax increment district. Taxes would be paid on the sale price and the value over and above will be captured as tax increment. Each parcel will have a separate tax parcel and the district will end in 2042.

**Chairperson Gabel** said that the land currently does not generate any tax revenue so the value will go from zero to the value of the land plus the building.

**Mr. Casserly** replied that the land will be revalued by the accessor and will probably be amount that the Authority paid for it and that will become the base. When the buildings are built and value is added, that will become the tax increment.

**Commissioner Backlund** asked how the 80 parking spots would be handled with Met Council.

**Mr. Casserly** replied that they are working on sorting that out right now. Right now the Authority owns the property and it's a long term lease.

**MOTION** by Commissioner Holm to approve the Redevelopment Agreement – Sherman / NS Rail Station Site. Seconded by Commissioner Eggert.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DELCARED THE MOTION CARRIED UNANIMOUSLY**

#### **4. Locke Park Pointe – RFP Phase 2**

**Paul Bolin**, HRA Executive Assistant Director, stated that the Authority issued RFP's for the second phase of the Locke Park Pointe project in January and on February 16<sup>th</sup> received proposals from the Pulte Group and Alatus. After thoroughly reviewing both of the proposals it became apparent that the Alatus project was not financially viable and that the Pulte project was not architecturally appealing. After follow-up discussions with Pulte, it was determined that they do not appear to have much flexibility in the design of their townhome products and that the Authority should take some time to talk with other townhome builders. The Authority and City Staff have met with a number of builders interested in the property. Staff is waiting for more detailed information from them and anticipate brining some very nice options to the Authority shortly. Staff recommends the Authority adopt a motion to “not accept the responses made to the Locke Park Pointe Phase 2 Request for Proposals.”

**MOTION** by Commissioner Backlund to not accept the responses made to the Locke Park Point Phase 2 Request for Proposals. Seconded by Commissioner Eggert.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY**

#### **Informational Items:**

## **1. Housing Programs Update**

**Paul Bolin**, HRA Executive Assistant Director, reported that one CEE loan closed in April making three year to date; there were no remodel advisor visits for a total of two year to date. There were five Home Energy Squad visits for a total of 18 year to date. There will be some changes to the loan programs to encourage more reinvestments in the housing stock and staff will bring that forward to the June meeting.

### **Adjournment:**

**MOTION** by Commissioner Eggert to adjourn. Seconded by Commissioner Holm.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 7:49 P.M.**

Respectfully submitted,

Krista Peterson  
Recording Secretary