

**CITY OF FRIDLEY
HOUSING AND REDEVELOPMENT AUTHORITY COMMISSION
JUNE 28, 2018**

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

MEMBERS PRESENT: Pat Gabel
William Holm
Stephen Eggert
Kyle Mulrooney
Gordon Backlund

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

Action Items:

1. Approval of June 7, 2018 Meeting Minutes

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

Commissioner Eggert noted to correct the spelling on page 10 “Motion by Commissioner ~~Eekert~~ Eggert...”

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED AND THE MINUTES APPROVED AS AMENDED

2. Approval of Resolution Adding Parcels to Housing Replacement Program

Paul Bolin, HRA Assistant Executive Director, stated that the Authority and Council approved an amended and restated plan for the HRP in late 2010. The related plan gave the Authority the ability to add Phases (parcels) to the program by resolution. Once a parcel is included in the district, the HRA collects tax increment for a period of 15 years. The increment is used to help cover some of the costs of the program. Unlike a traditional tax increment district, the HRP is less cumbersome to the administer. Since the program originally began in 1995, the City has approved twelve phases for a total of 38 properties. Under special legislation approved in April 2010, the City can designate up to 100 total parcels, inclusive of the 38 properties currently in the program.

Mr. Bolin said that Anoka County recently made two tax-forfeit properties available to the City. Both properties are vacant, dilapidated and meet the requirements for the HRP. The properties are located at 509 Cheri Lane and 8295 Broad Avenue. Staff is working with Mile Willey at Liesch/Terracon to coordinate the hazardous materials assessment, abate and demolition of the two properties. We expect the demolition to occur by mid-August. There is already some interest from builders in purchasing the lots. Staff recommends that the Authority approve the attached resolution amending the HRP to

include Phase XIII, adding the properties at 509 Cheri Lane NE and 8295 Broad Avenue NE into the HRP.

Commissioner Gabel asked for clarification on the market value of the homes.

Mr. Bolin replied that the estimated value in the packet comes from the property tax records and represents the taxable value.

Commissioner Holm asked what the demolition costs would be.

Mr. Bolin replied it would be around \$12,000 for each home. That expense would be recovered through the tax increment received over the next 15 years plus a portion recovered by the sale of the lots.

Commissioner Eggert noted that there are not a lot of opportunities to buy properties. This is an opportunity to show residents the before and after of these homes and what the Authority is doing to invest in our communities on the residential side.

MOTION by Commissioner Holm to approve the Resolution Adding Parcels to Housing Replacement Program. Seconded by Commissioner Eggert.

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

3. Approval of Changes to Housing Rehabilitation Loan Program

Paul Bolin, HRA Executive Assistant Director, stated that earlier this month staff provided an overview of proposed changes and additions to the current loan program. Commissioner comments and suggestions were incorporated into the proposed loan program. The intent of this program is to provide an incentive for Fridley seniors to make improvements to their homes that will allow them to remain in their homes and/or update the homes for a future sale. The loan will be due upon the sale of the home, transfer of ownership or if it is no longer the primary residence. At least one of the homeowners must be at least 62 years old to qualify for this program. Commissioners suggested collecting fees to cover the costs of processing loan, that information has been added.

Mr. Bolin said that the terms for the Senior Deferred revolving loans are as follows:

Interest Rate: 0%

Loan Limits - \$5,000 minimum / \$25,000 maximum

Loan Terms – Due upon sale/transfer/no longer primary residence

Eligible Properties – Residential properties

Ownership/Occupancy – Owner occupied, one owner at least 62 years old

Loan to Value Ratio – 110%

Income Limits – None

Eligible Improvements – Most interior and exterior improvements

“Sweat Equity” – Not Allowed

Pre-inspection Required – Yes

Post Install Inspection Required – Yes

Work Completion – 120 days

Underwriting – Current on mortgage payments; Current on real estate taxes; no liens or unpaid judgements; no pending bankruptcy or foreclosure.

Fees – Loan recipient pays a 1% origination fee, preparation fee, mortgage filing fee, title work, credit report, flood zone check and any other applicable closing costs associated with the loan.

Mr. Bolin said that staff also proposes expanding the rental property revolving loan program to include buildings with 1-12 units and change the name of the product to Rental Property Revolving Loans. There are a large number of rental properties, more than 50 years old, which have 8-12 units, and a number of single family homes that have become rentals over the past 10 years. This change will provide additional opportunities to improve the code deficiencies and outward appearances of the City's older rental stock.

Mr. Bolin said that Commissioners inquired about the sliding maximum loan, based on the number of units in the building. As the improvements are limited to code deficiencies and exteriors, it was determined that an extra \$3,000/unit would assist in replacing windows in the larger buildings.

Mr. Bolin said that the terms for the Rental Property revolving loans are as follows:

Interest Rate: 4.5%

Loan Limits - \$5,000 minimum / \$50,000 maximum for up to 4 units; an additional \$3,000 may be borrowed for each additional unit.

Loan Terms – 1 year minimum/20 year maximum

Eligible Properties – 1-12 unit residential properties

Ownership/Occupancy – Owner occupied not required

Loan to Value Ratio – 115%

Income Limits – None

Debt to Income Ratio – Maximum 50% (sole proprietors). LLC's must show positive cash flow.

Eligible Improvements – Interior code violation corrections/most exterior

“Sweat Equity” – Not Allowed

Pre-inspection Required – No

Post Install Inspection Required – Yes

Work Completion – 120 days

Underwriting – No payments more than 60 days late in the past 12 months; no bankruptcy in the past 18 months; current on mortgage payments; current on real estate taxes; liens and judgements factored in the loan to value calculation.

Mr. Bolin said that staff recommends adopting the attached resolution. In the event that the “Senior Deferred Loan” program becomes “too successful”, staff will recommend placing a cap on the total amount of funds that can be loaned out. Additionally, staff will monitor the “Multi-family Exterior Improvement Loan: and suggest changes to the maximum loan amount if needed.

Commissioner Holm thought that the administrative fees associated with the program may restrict the effectiveness of the program for loans less than \$5,000.

Mr. Bolin replied that the \$550 fee is paid by the Authority for each loan that is approved. There are staff costs associated with these loans including following up to make sure the work is done to the home. These programs should be ready early August when CEE has them entered into their system.

MOTION by Commissioner Eggert to Approve the Changes to Housing Rehabilitation Loan Program. Seconded by Commissioner Backlund.

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

4. Approve Resolution Supporting Grant Application to the Metropolitan Council – Sherman / NS Station

MOTION by Commissioner Holm to add item no. 4 to the agenda. Seconded by Commissioner Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED AND THE ITEM ADDED TO THE AGENDA

Mr. Bolin stated that this is a development agreement with Sherman and Associates to develop the housing at the NorthStar Commuter Rail Station. Staff is also working with metro transit to rearrange some of the parking and had success by reducing the parking to 80 stalls. There will be expenses relocating the pond and replacing and building 80 new parking stalls and the new bus lane. Sherman would like Fridley to work with them on a grant application through the Communities Transit Orient Development Grant Application.

Commissioner Backlund asked if the housing would all be at market rate or subsidized housing.

Mr. Bolin replied that Sherman is looking at building three separate buildings—two at market rate, and one subsidized.

MOTION by Commissioner Holm to approve the Resolution Supporting Grant Application to the Metropolitan Council – Sherman / NS Station. Seconded by Commissioner Eggert.

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

Adjournment:

MOTION by Commissioner Backlund to adjourn. Seconded by Commissioner Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 7:35 P.M.

Respectfully submitted,

Krista Peterson
Recording Secretary