

**CITY OF ANOKA
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING MINUTES JUNE 8, 2015**

Call to Order: Chair Carl Youngquist called the meeting to order at 5:02 p.m.

Roll Call: Commissioners present were: Chair Carl Youngquist, Dave Bonthuis, Lynn Hopkins, Lori Manzoline, Colleen Werdien. Absent: None. Staff present were: Housing Manager Darin Berger.

Approval of the Agenda: MOTION BY COMMISSIONER HOPKINS, SECONDED BY COMMISSIONER BOUTHUIS, TO APPROVE THE AGENDA AS PRESENTED.

UPON A VOICE VOTE, MOTION CARRIED.

Approval of Minutes:

May 11, 2015, Regular Meeting: MOTION BY COMMISSIONER HOPKINS, SECONDED BY COMMISSIONER MANZOLINE, TO APPROVE THE MAY 11, 2015, REGULAR MEETING MINUTES AS PRESENTED.

UPON A VOICE VOTE, MOTION CARRIED.

Open Forum: No one appeared.

Unfinished Business:

633 East Main Street: Mr. Berger stated that in July 2014, the City of Anoka HRA approved financing of up to \$100,000 for the renovation of the property located at 633 East Main Street.

Since the original use of a single-family house, there have been many additions and changes on this property. The existing structure has been vacant since approximately 2006 and was originally built in the early 1900s. The property was purchased in August of 2013 for the future site of Its About Sleep, a locally owned business that is currently located across the street.

As a reminder, under the program guidelines, a maximum of \$25,000 can be used for exterior rehabilitation only and a maximum of \$75,000 can be used for limited interior rehabilitation as defined in our Revolving Loan Fund Program Plan. Both must be paid back within a 10-year period. These funds are available at 2% interest and require a match of equal or greater by a participating lender. The HRA is partnering with Community Pride Bank of Ham Lake on this project. They have already provided pre-approval services and will continue working with the HRA to service the loan until it is fully repaid. Staff shared the executed Participation Agreement between the HRA and Community Pride Bank.

The funds will be used for replacement of the HVAC system, electrical and plumbing, floor leveling/accessibility improvements, door and window replacement, parking lot repair and landscaping, and repairs/replacement of the façade.

On June 3, 2015, the loan closing for this project took place. They have applied for a building permit and the next step will be a partial demolition of the building by Sauter and Sons sometime in mid-June.

Action Requested: No action is necessary at this time; informational only.

Commissioner Bonthuis asked what portions are actually being demoed. Mr. Berger said there will be some internal demolition but the intent is to leave one-third of the building and demo the remaining.

Commissioner Bonthuis asked if it is difficult to find banks for these loans. Mr. Berger said no but noted that since the economic downturn lending institutions have tightened their lending practices a little more but said once they understand the program most banks feel better about it. He said the program started in a much different climate and this will be an issue we have to address in the future and suggested reviewing this program and possibly revising the criteria to help make the process a little easier from the bank's perspective. He said the HRA provides the funding while the bank services the loan, adding the HRA pays no fee so reviewing the criteria may be something to consider. Mr. Berger said there are no other requests at this time but that the HRA could do a review before the next loan one is approved.

Chair Youngquist noted the interest for this loan is 2% over 10 years.

Commissioner Werdien inquired about the interest rate. Mr. Berger said the City and bank each loan up to \$100,000 but the bank can charge 2% plus prime rate.

Chair Youngquist agreed that we may need to retool the program, noting it began to assist with fire suppression. He thanked Mr. Berger for his due diligence.

Walker Methodist Plaza Gardens – 100 Monroe Street: Mr. Berger stated all planning related items have gone through the Planning Commission project for the officially named project, Walker Methodist Plaza Gardens at 100 Monroe Street. He said the Planning Commission recommended approval of the Comprehensive Plan amendment, rezoning, site plan, and Conditional Use Permit and the City Council approved all necessary requests and amendments on June 1.

Mr. Berger said there recently have been significant financial hurdles over past two weeks with regard to project costs. Much of these increased costs are related to newly imposed code requirements by the State of Minnesota. Staff is working with Walker Methodist to work towards a solution to all issues at hand and met with Walker Methodist on Monday, June 8. He shared the new requirements have added quite a bit of cost to the project at a cost of \$300,000-\$500,000 more. He said they have developed a solution for possible HRA approval for TIF assistance from the former Rivers Pointe project and that a special meeting may be held before the July regular meeting to discuss conduit debt bonds. Mr. Berger said the City plans to issue conduit debt bonds for financing Walker Methodist Plaza Gardens, which requires a public hearing process. He said this hearing is scheduled for the City Council's June 15 meeting with a resolution scheduled for adoption on July 6.

Mr. Berger said as of now we are still on track for our proposed July 13 closing and July 20 construction start date.

Commissioner Werdien inquired about the issues. Mr. Berger said the mechanical system needs to be upgraded to address fresh air intake and insulation on the exterior of building will cost an additional \$80,000. He said these new code requirements went into effect June 1, adding this would be the first development in the State to adhere to these codes.

Commissioner Bonthuis inquired about the \$500,000 cost. Mr. Berger said that is the total cost but staff is not recommending that amount of help and any request would be significantly less than that figure.

Commissioner Bonthuis asked how much the HVAC would cost. Mr. Berger said the HVAC will cost an additional \$360,000 but said he is not aware what the original budget was.

Chair Youngquist said the State's requirements is affecting property values and hopes this is just a small delay because if we have to start all over the project may be much different with the new codes in place. He said he liked the name and suggested consideration of a conference room be dedicated to former HRA Commissioner Merrywayne Elvig.

Commissioner Bonthuis asked if these code changes affect any type of commercial construction or just health care facilities. Mr. Berger said the code changes affect residential facilities and the mechanical changes are tied to certain senior facilities.

Chair Youngquist noted if new construction exceeds a certain dollar value then State law requires sprinkling systems as well.

Mr. Berger reviewed the rendering of the proposed project including the skyway, traffic flow patterns and roof lines, which may be affected depending on the outcome of the new code solution.

Chair Youngquist asked if parking could be reduced. Mr. Berger said there once was a possibility of retail on the first floor and sharing the ramp with Sandburg School but there have been no big changes since the original plan. He noted this facility will provide a nice buffer by the single-family homes and said parking will include 142 stalls with public parking, parking on site, and the street.

Chair Youngquist said he hopes we get back on track soon. Mr. Berger said staff will update the Board by next week as to the status and possible special meeting.

Action Requested: No action is necessary at this time; informational only.

Other Updates: Mr. Berger said there were no other updates at this time.

New Business: None.

Discussion Items: None.

Tentative Agenda Items for Future Meetings:

Mr. Berger reminded the Board of the potential special meeting regarding Walker Methodist Plaza Gardens. He said there will also be a worksession scheduled in July to discuss the HRA budget and another on June 22 at 6pm at Green Haven Golf Course to learn about the Urban Land Institute. Mr. Berger noted there will be no worksession on June 29 for the HRA as previously scheduled.

Chair Youngquist said the HRA will now be moving to a scheduled worksession to discuss property maintenance and rental licensing.

Adjournment: MOTION BY COMMISSIONER BONTHUIS, SECONDED BY COMMISSIONER MANZOLINE, TO ADJOURN. The motion carried, the meeting was adjourned at 5:29 p.m.

Submitted by: Cathy Sorensen, *TimeSaver Off Site Secretarial, Inc.*