



## Minutes

Roseville Economic Development Authority (REDA)

City Council Chambers, 2660 Civic Center Drive

Monday, June 22, 2020 – 6:00 p.m.

*Pursuant to Minn. Stat. 13.D.021, City Council members, City Staff, and members of the public participated in this meeting electronically due to the COVID-19 pandemic.*

### 1. Roll Call

President Dan Roe called to order a 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, Laliberte, Groff, Etten, and Roe.

**Present:** President Dan Roe and Board Members Robert Willmus, Jason Etten, Wayne Groff, and Lisa Laliberte.

**Others Present:** Attorney Martha Ingram, Executive Director Pat Trudgeon, Development Director Janice Gundlach, and Housing & Economic Development Program Manager Jeanne Kelsey

### 2. Pledge of Allegiance

### 3. Approve Agenda

Laliberte moved, Etten seconded, approval of the Agenda as presented.

**Ayes: 5**

**Nays: 0**

**Motion carried.**

### 4. Public Comment

### 5. Business Items

- a. **Authorization To Enter Into A Private Redevelopment Contract And Awarding The Sale Of, And Providing The Form, Terms, Covenants And Directions For Issuance Of Its Tax Increment Revenue Note To Roseville Leased Housing Associates I, LLLP, And Approve Subordinations Of Contract For Private Redevelopment And Of TBRA Loan Documents Between The REDA And Consents To Collateral Assignment Of Contract And TIF Note.**

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated June 22, 2020.

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

Etten moved, Laliberte seconded, adoption of REDA Resolution No. 64 entitled, “Resolution Approving Contract For Private Redevelopment With And Awarding The Sale Of And Providing The Form, Terms, Covenants And Directions For The Issuance Of Its Tax Increment Revenue Note To Roseville Leased Housing Associates I, LLP.”

Member Etten indicated he appreciated all of the extra work staff has done based on feedback from Council and other comments. This is an opportunity to get needed housing in the community and he supports this.

Member Laliberte concurred and is looking forward to the affordable housing project for both seniors and families in the community. She appreciated all the effort.

President Roe indicated he appreciated all the work done on this, the partnership, and effort.

**Ayes: 5**  
**Nays: 0**  
**Motion carried.**

Etten moved, Willmus seconded, adoption of REDA Resolution No. 65 entitled, “Resolution Approving Subordinations Of Contract For Private Redevelopment And Of TBRA Loan Documents Between The Roseville Economic Development Authority, America First Multifamily Investors, L.P., and U.S. Bank National Association And Consents To Collateral Assignment Of Contract And TIF Note.”

**Ayes: 5**  
**Nays: 0**  
**Motion carried.**

- b. Consider A Request For Tax Increment Financing Assistance In Connection With The Acquisition And Rehabilitation Of Existing Multifamily Housing Located At 1720, 1721, 1736, 1740, 1746, 1750 Marion St.; 175 And 195 Larpenteur Ave. W; And 1722, 1725, 1735, And 1736 Woodbridge Court.**

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated June 22, 2020.

Mr. Keith Dahl, Ehlers, shared a PowerPoint presentation.

Member Etten asked what the length of time that AEON is required to maintain the sixty percent or less AMI.

Mr. Dahl explained it would be twenty years where the TIF note would be given to them.

President Roe understood as part of this, there is talk about extending the district for Sienna Green for another ten years which he believed maintains the affordability for that site. He could conceive of something like that, if appropriate, could be done on this site as well.

Ms. Kelsey indicated in addition to the Home Funds that the County will be putting in, there will be four home units that would maintain permanent affordability forever with those home units being financed.

Member Laliberte understood that rents will be increased as a part of this and with the two to three-year rehab timeline she questioned if there any guarantees that people will not be displaced.

Mr. Dahl indicated that is the hope, AEON does not want anyone displaced with this project, and that is why AEON purchased this property. Potentially, rents will not increase at all even post sale and would be maintained at the current rent levels. There might be a slight increase to get to the fifty percent AMI but with an apartment building that has little to no amenities, it is going to be hard to achieve market rents anything greater above sixty percent AMI. The hope is that the company will maintain and preserve these naturally occurring affordable housing units and maintaining affordability at the fifty percent AMI threshold level.

Member Groff explained the city has had several work orders on this property and he wondered what the status is on that and if those issues will be resolved so that fire issues are not where they have been.

Ms. Kelsey explained the goal is that AEON wants to address life safety issues very first thing because there are so many families that are living in this property currently. Third party inspectors are required to go out to the property and provide written reports of items that need to be taken care of before any of the interior decorating is taken care of. Life safety is AEON's number one goal to achieve.

Mr. Bill Mague, representative for AEON, made a presentation.

Member Groff asked how to know if this is the correct price for these properties.

Mr. Mague explained if someone else is going to come in and pay that price and put \$25,000 into it and raise the rents by \$250, at that moment, his company has

lost the opportunity to do what is their primary goal which is maintain the affordable housing for the families that live there. He would argue that the lower the price, the better the deal and the more flexibility his company has.

Member Laliberte asked in this interim time of the negotiation, until the closing and rehab gets started, what are the city's ongoing concerns about the life safety issues and who is going to be prioritizing and checking that, making sure those things are in place in the interim.

Community Development Director Janice Gundlach explained the building inspection staff and the Fire Department are still working with the current owner on all the issues that are there today. In light of this proposal, the city has not stopped any of the other actions related to the rental license revocation. The current owner continues to make improvements but is not making the progress staff wishes would be made. But that does not mean the city is stopping responding to complaints or making sure that the owner is fixing the major life safety issues out there.

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

Member Etten indicated this project is one of the more exciting and important projects the city has ventured into as the Council has tried to invest the city and neighboring communities and residents on changing the Rice/Larpenteur area. The need for these apartments is huge and he is ready to move forward with all three of the pieces in the staff report because of that need. He noted AEON showed the Council with Sienna Green that their company was able to maintain housing for people as the building was renovated as AEON upgraded affordable housing. He thought the same thing would happen on this site but the need, from his perspective, because of the amount of poverty and the number of issues with the health and safety things as members have brought up, as well as other conditions in the community area. He thought this was important for the city and a way for the city to put one more flag in the ground and say this is an important area in the city and a critical investment. He noted he was supportive of all three actions.

Member Laliberte concurred with Member Etten because the EDA has talked quite a bit about this particular area, made it a priority for the city, the city's staff departments from all aspects of focusing to do more and to do better in that area along with the city's neighboring communities. She believed that no matter what is done to improve the area for the residents and the businesses, it is never going to be an inexpensive option for the city. She thought weighing that with the benefit and the long-term health and safety for people who need housing in the community is a priority.

Member Groff explained this is an interesting proposal and he would definitely support the creation of the TIF District. The \$1.1 million upfront makes him a little nervous but he was comfortable with that and fine with including the other properties in it. The main thing for him is just thinking back over the last year, the problem the city has had there, the safety issues, and seeing how people there have been trying to live with the situations that are there. He felt something has to change and saw this as a way the city can help facilitate that. He also thought it was helpful to hear AEON's spokesperson talk about keeping it as affordable housing for at least twenty years and probably beyond that and that was AEON's goal because he sees this all of the time in real estate where certain areas become the hot place and all of a sudden all of the people that have lived there for years are displaced with no housing. He thought this was a tiny bit that the EDA Board can help ensure affordable housing will stay possible there. He was concerned with rents going up but hopefully at some point people's incomes will go up a little more and it can be absorbed. He noted he was going to support all three actions.

Member Willmus explained he will also be supporting all three actions as reinvestment in Southeast Roseville is something that the city has been looking at for many years. He noted this is going to be a very challenging undertaking and when the city has looked to partners to work with, he can think of just a couple that had the ability to pull something like this off given the scale and sheer number of units that are involved, noting AEON is certainly one that is in the forefront and has an excellent track record within Roseville and around the Twin Cities. He indicated it is not without risk to the city so he had some conversations with Community Development Director Gundlach about those concerns and was satisfied that the city is properly positioning itself. That said, the city does have an obligation to help fulfil and maintain affordable housing and this will be a very significant step in that goal in the City of Roseville. He indicated it makes sense to reinvest in blighted properties. He thought this is the proper place to provide their public partnership.

President Roe indicated he was also in support of all three of the approaches for the reasons previously stated. He thought it was important to note that the AMI number actually changes to get to what Member Groff was talking about. He explained the city has to enter into this with a little bit of faith with both the developer and the process. He thought there was consistent support from the EDA Board for those measures.

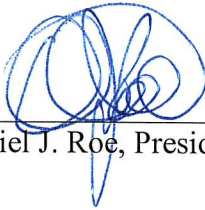
Etten moved, Willmus seconded, adoption of REDA Resolution No. 66 entitled, "Resolution Expressing Support For Tax Increment Financing Assistance Requested In Connection With A Proposed Multifamily Housing Redevelopment At 1720, 1721, 1736, 1740, 1746, 1750 Marion Street; 175 and 195 Larpenteur Avenue West; And 1722, 1725, 1735, And 1736 Woodbridge Court."

**Ayes: 5**  
**Nays: 0**  
**Motion carried.**

6. **Adjourn**

Groff moved, Willmus seconded, adjourning the REDA meeting at approximately 7:02 p.m.

**Ayes: 5**  
**Nays: 0**  
**Motion carried.**



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Daniel J. Roe, President

ATTEST:



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Patrick Trudgeon, Executive Director