

**City of Ramsey**  
**Agenda**  
**Housing and Redevelopment Authority (HRA)**  
**Regular Session**  
**Tuesday August 27, 2013**  
**Immediately following City Council**  
**Council Chambers, 7550 Sunwood Drive NW**

1. **Call to Order**
2. **Citizen Input**
3. **Approve Agenda**
4. **Approve Minutes**
5. **HRA Business**
  1. Discuss SuperAmerica Properties
  2. Discuss Subsidy Alternatives for Assisted Living Projects
6. **Executive Director's Report**
  1. Executive Director's Report
7. **Commissioner Input**
8. **Adjournment**

**Meeting Date:** 08/27/2013

**Submitted For:** Kurt Ulrich

**By:** Jo Thieling, Administrative Services

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**Information**

**Title:**

Discuss SuperAmerica Properties

**Background:**

In 2012, the City approved entering into the purchase of two sites from the City, one off of Armstrong, just to the east of McDonalds and one on Ramsey Blvd, just south (across Sunwood) from the new Allina Clinic. While the City has a non-binding letter of intent from the developer, Super America never consented to a formal purchase agreement due to their apparent inability to get corporate funding.

Attempts to get a commitment from Super America over the past month have been unsuccessful. The last correspondence from early July indicated that the developer was still interested in purchasing the two parcels (one off Armstrong and one off Ramsey Blvd.) but needed to get corporate approval of the capital projects funding. Since that time, the developer has indicated (through the building department) that their site plan application is no longer active. We can conclude that the Super America developer is unable to proceed to a timely closing on these properties.

**Observations/Alternatives:**

Staff is of the opinion that the City has fulfilled any and all informal good faith business obligations to keep these properties available for Super America. Given this situation, and the enhanced status of the Armstrong interchange funding, it is recommended that the HRA pursue other convenience store or other users for these sites.

The Armstrong site has an approved site plan for a convenience store and would make a logical location for another convenience store such as Kwik Trip, Casey's, Bill's, etc. It is recommended that this type of user be pursued initially for this site.

The Ramsey Boulevard site is part of an existing larger parcel, and it is recommended that the HRA re-evaluate for another type use. It is the "gateway" parcel to the business/office area of the COR and the HRA may want to steer the property toward a development more consistent with the business/office area. This may delay a potential short-term sale, but likely would add more value to the area in the long-term.

In the alternative, the City could wait until Super America moves forward with financing and hold the sites off the market. If Super America is the preferred user, the City could attempt to negotiate an option agreement to hold the properties for a period of time (for a price to be determined).

**Recommendation:**

It is recommended that the City pursue other convenience store users for the Armstrong site, and leave the Ramsey Blvd. site open to take advantage of the larger parcel.

**Funding Source:**

Not applicable.

**Action:**

Motion to direct staff to pursue other convenience store users other than Super America for the Armstrong site, and market the Ramsey Blvd. site to potential users other than convenience stores.

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**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Kurt Ulrich	Kurt Ulrich	08/22/2013 04:20 PM
Form Started By: Jo Thieling		Started On: 08/20/2013 04:46 PM
	Final Approval Date: 08/22/2013	

Meeting Date: 08/27/2013

By: Jo Thieling, Administrative Services

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### Information

**Title:**

Discuss Subsidy Alternatives for Assisted Living Projects

**Background:**

The purpose of this case is to get HRA direction on the type of subsidy alternatives, if any, would be acceptable to the HRA for an assisted living project at this time.

The City currently has two parcels pending consideration by the City for one-level assisted living projects. It is clear that both project would require significant assistance from the City. The developer has indicated that they would be working on a timeframe to begin construction next year if an acceptable financial package could be put together.

Tools available to the City for housing assistance include:

- tax increment financing (up to 25 year district)
- tax abatement (city's portion of 37% of tax bill for up to 20 years)
- grants and/or loans from the HRA (County)
- state tax credits
- Livable Community Grants through the Metropolitan Council
- write-down on the price of the land
- reductions on City development fees

**Observations/Alternatives:**

Comments regarding subsidy alternatives:

**-tax increment financing (up to 25 year district)**

TIF is prohibited for new projects under the interim Housing Assistance Policy (HAP). Furthermore, TIF District 144 is currently not generating any revenue and a new TIF housing district would need to be created to make this option viable. This would be subject to income guidelines.

**-tax abatement (city's portion of 37% of tax bill for up to 20 years)**

The City could only abate 37% of the tax bill which is its portion. Taxes could be abated for up to 20 years. The property would need to be removed from the TIF district in order to do tax abatement. From a policy perspective, it should be noted that assisted living provides additional housing options for residents, but also would be a user of City services.

**-grants and/or loans from the HRA (County)**

Remaining one time fund balance monies from the County HRA could be used as a grant or loan. These funds are limited, but could be replenished if the two recent property acquisitions are sold.

**-state tax credits**

State tax credits may be available for construction in 2015, if income guidelines can be met.

**-Livable Community Grants through the Metropolitan Council**

May be available in the spring of 2014, also subject to income guidelines.

**-write-down on the price of the land**

Concern with not recovering base price of land, or setting the market too low for future land sales. Current basis in land (minimum \$2.50 a square foot) is more than the developer is willing to pay at this time.

**-reductions on City development fees**

The City practice is not to reduce development fees, but have approved outside funds (e.g., TIF) to pay development fees.

**Recommendation:**

Given the fact that it appears this type of development would need a large subsidy at this time, staff would recommend that the developer, with staff assistance, pursue options for loans, grants, and/or tax credits. In addition, when the City reviews the interim Housing Assistance Policy this Fall, re-consideration can be given to the use of TIF and/or tax abatement as it relates specifically to this type of project..

**Funding Source:**

Continue to explore options using existing staff resources.

**Action:**

Consensus direction to pursue options for loans, grants, and/or tax credits, and re-consider TIF and/or tax abatement as it relates specifically to this type of project in the final Housing Assistance Plan review this Fall..

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**Form Review**

**Inbox**

Kurt Ulrich

Form Started By: Jo Thieling

**Reviewed By**

Kurt Ulrich

**Date**

08/22/2013 05:53 PM

Started On: 08/22/2013 09:52 AM

Final Approval Date: 08/22/2013

**Meeting Date:** 08/27/2013

**Submitted For:** Kurt Ulrich

**By:** Jo Thieling, Administrative Services

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**Information**

**Title:**

Executive Director's Report

**Background:**

Stoney River Housing Development

First Phoenix Group, the Developer of the Stoney River project, a 72-unit Assisted Living/Memory Care facility adjacent to Lord of Life Church, is scheduling a groundbreaking ceremony the week of September 16th. Staff will follow up with formal invites when a date is selected. First Phoenix Group closed on their construction loan this week and hope to start construction the first week of September. It was a long road for this group to get to this point, and we feel this is a quality housing development that will add great value to the community from a housing need and tax base perspective. The Building Permit Application indicates an investment of \$8.5 million dollars.

McDonalds Restaurant

Staff met with McDonalds this week and we are anticipating closing on the 1.36 acre site in October. The purchase price on the property was \$470,000. Unfortunately, with an October closing on the property, McDonalds has decided to plan for a spring 2014 construction. The Purchase agreement gives them up to two years after closing to begin construction, but they seem committed to the spring 2014 start. Much of the delay in the closing goes back to the fact that Landform filed a mechanic's lien that delayed the filing of the plat. Otherwise, the completion of the site improvements and subsequent review of title, recording of easements, etc. required time to complete, and to be reviewed by McDonalds.

The Residence at the COR

Approximately 140 units have now received certificates of occupancy. Recent conversations with the property manager indicate that 30 units have now been leased out.

Landform Contract Wrap-up

The City has finally received the intellectual property (e.g., COR graphic, documents, spread sheets, engineering drawings, etc.) and are in the process of verifying the information. The City was withholding the \$80,000 incentive fee on The Residence at the COR, and now likely will make partial payment, pro rata based upon number of units occupied.

Properties for Sale

The City (not the HRA) is now the owner of the Adult bookstore property on Highway 10 and a residential property on Rivlyn Avenue (Kiefer property). The bookstore has been razed and we are doing asbestos abatement on the Kiefer property prior to demolition. It is recommended that both properties be put up for immediate sale.

TIF District 14 (the COR District)

The study authorized by the HRA of the COR TIF District has been completed and I would like to schedule a Special meeting on September 17 (Committee night), 7:00 pm to have Ehlers report their findings and recommendations.

**Funding Source:**

N/A

**Action:**

This is an update - no action necessary.

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**Form Review**

**Inbox**

Kurt Ulrich

Form Started By: Jo Thieling

**Reviewed By**

Jo Thieling

**Date**

08/22/2013 07:07 PM

Started On: 08/22/2013 06:19 PM

Final Approval Date: 08/22/2013