

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, July 13, 2023, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Scott Wyingner
 Member Chelsee Howell
 Member Rachal Johnson
 Member Brittany Lindahl
 Member William MacLennan
 Member Chris Riley
 Member Shanna Stewart

Members Absent: None

Also Present: Sean Sullivan, Economic Development Manager

1. CALL TO ORDER

Chairperson Wyingner called the Economic Development Authority meeting to order at 7:30 a.m.

2. APPROVE AGENDA

Motion by Member Johnson, seconded by Member Lindahl, to approve the agenda.

Motion carried. Voting Yes: Chairperson Wyingner, Members Johnson, Lindahl, Howell, MacLennan, Riley, and Stewart. Voting No: None. Absent: None.

3. CONSENT AGENDA

3.01: Approve Meeting Minutes Dated June 8, 2023

Motion by Member Riley, seconded by Member Johnson, to approve the June 8, 2023, minutes as presented.

Motion carried. Voting Yes: Chairperson Wyingner, Members Riley, Johnson, Howell, Lindahl, MacLennan, and Stewart. Voting No: None. Absent: None.

4. EDA BUSINESS

4.01: Consider Support of Financial Assistance for Presbyterian Homes Project; Haviland Fields

Economic Development Manager Sullivan presented the staff report.

John Fletcher, Senior Vice President of Presbyterian Homes and Services, thanked staff for their cooperation in this process and to Ehlers for their analysis. He stated that this project is a collaboration with Lord of Life Church and the development is named after the Haviland family. He commented that this development could bring intergenerational housing options to the community. He provided an image of the property with the newly proposed housing products that would include slab on grade park twin homes, a senior building, and two 20% affordable / 80% market rate apartment buildings. He provided details on Presbyterian Homes and Services, the development goals for the site and a summary of the proposed project. He provided some design samples. He reviewed some of the project considerations including project financials, property tax impact, positive City financial impact, significant public benefit, the “but for” test, and the financial request before the EDA. He also reviewed the financial impact with and without TIF, noting that the property is currently tax exempt and would continue to be so if this were not approved. He reviewed the breakdown of estimated City fees that would be paid through this development. He provided details on mixed income housing, noting that as proposed about 20 percent of the units would be priced as attainable for households earning 50 percent AMI. He noted that including the price restricted units, the projected average rents are \$926, or 57 percent higher, than the average median rent in Ramsey. He provided a summary of what the City would gain through this development and why financial support is needed.

Member Johnson recognized that public transportation is not readily available in this area and asked if that has been considered.

Mr. Fletcher replied that while access to public transportation is an asset, price sensitive housing is needed everywhere. He stated that regardless of whether there is access to public transit, the units are fully occupied almost immediately. He stated that for the senior units, Presbyterian Homes has a network of buses that they use to circulate between the campuses.

Member Stewart asked for information on the past developments that included affordable housing.

Mr. Fletcher replied that those developments look identical to the market rate community, noting that they build a market rate building and designate a portion of the units to have rents below that market rate. He stated that the product and units look no different, and just have a lower income requirement. He stated that this allows their residents to age in place as people transition in income after they retire.

Member Stewart asked if the income restrictions increase over time.

Mr. Fletcher replied that restriction remains in place as long as the TIF district is in place.

Member MacLennan referenced the different age restrictions mentioned, 55 plus and 62 plus and asked for clarification.

Mr. Fletcher replied that would depend upon the ultimate designation they use through HUD. He noted that whether they choose 55 or 62 plus, the average age is over 70.

Member MacLennan asked for clarification on the mixed age buildings mentioned.

Mr. Fletcher clarified that the housing development itself would be a mixture of ages, split between the different housing products on the site. He noted that the u-shaped building would be seniors 62 plus, the park homes would be for those 55 plus, and the y-shaped buildings would be market rate apartments that would not be restricted in age.

Chairperson Winyinger asked the occupancy rate of the company across their different development projects that they manage.

Mr. Fletcher replied that it would depend on the product type. He stated that across all their product types, the occupancy rate is about 92.5, while the senior housing is between 96 to 98 percent. He stated that as a nonprofit provider, they attempt to target the middle-income range. He stated that they work hard to control their expenditures in order to control rates.

Member MacLennan asked if a survey of the neighborhood has been done to gauge their opinion.

Mr. Fletcher replied that they have held two or three neighborhood meetings to date and the feedback has been positive. He commented that a few neighbors to the south had concerns with high density homes adjacent to their home and also did not want a park near their home. He commented that concern has been addressed by placing the park homes in that area. He commented that they have placed the high-density housing as far away as possible from the single-family homes.

Chairperson Winyinger commented that this would bring 460 new residential units and asked the estimated number of residents that would be added through this development.

Mr. Fletcher replied that senior housing has an average occupancy rate of about 1.2 people per unit while all age housing is closer to two or 2.5 people per unit. He estimated 600 to 700 people would live in the development.

Jason Aarsvold, Ehlers, described the role of Ehlers in this process. He commented that the property is currently exempt and explained how the base value and increment were calculated. He stated that they completed an analysis to determine the assistance that would be needed in order for this project to be viable and ensure that the assistance requested would not exceed the market rate return on investment. He stated that the level of return is significantly less than what a market rate developer would want to see and therefore the project does need assistance and meets the but for test. He reviewed the proposed phased TIF assistance recommended over 20 years rather than the 25 that was originally proposed. He stated that assistance would be provided through a "Pay as you go note" from the City and provided details on that method of TIF financial assistance. He noted that the developer has also agreed to a look back projection and provided details on that clause and how it would provide the City with additional protection.

Economic Development Manager Sullivan asked for details on the term sheet.

Mr. Aarsvold provided details on the preliminary term sheet which is a nonbinding document under which the City would consider entering into a TIF agreement with the developer. He stated that if support is indicated for the term sheet, it would provide support for the developer to continue going forward on the project and this would then come back at a later date for approval of a more formal TIF agreement. He stated that action today does not approve the project but provides support or lack of support for the proposed project and provided an overview of what is included in the term sheet.

Member Riley acknowledged the work that has gone into the process thus far. He asked what is driving the need for assistance.

Mr. Aarsvold replied that every apartment project is a little different and the cost to build the projects is then different. He stated that this is fairly representative of a class A apartment project. He stated that while the rents are projected above the Ramsey market, that is still not enough to offset the debt service costs of the loan and the construction costs. He commented that some of the units would be rent restricted which generates less income for the project. He stated that those are the primary drivers for financial assistance. He noted that the financial lookback would ensure that the assistance remains in line with actual project costs rather than the estimates to ensure the developer is not unduly enriched with public tax dollars.

Member Riley asked if the units were not income restricted whether there would still be a need for financial assistance.

Mr. Aarsvold replied that it could be possible that could be enough to offset the gap, but the developer did not feel that would be enough on its own to fill that gap. He commented that the only opportunity they have to use TIF as a tool is through a housing district and a housing district is only available to use as a tool if 20 percent of the units are designated at 50 percent AMI.

Member Stewart asked if the preliminary term sheet proposes \$9,200,000 in support.

Mr. Aarsvold confirmed that to be true between the two phases of assistance.

Member Howell asked if there is anything preventing an increase or decrease on the number of affordable units for the project

Mr. Aarsvold replied that there could not be a viable TIF district if the percentage of affordable units went below 20 percent.

Mr. Fletcher commented that there is a floor for the minimum number of affordable units but there is not necessarily a ceiling.

Economic Development Manager Sullivan commented that all parties have been working together to present this in a clear manner. He stated that the options this morning would be to support or

not support the project and proposed term sheet. He referenced the comments by Member Howell and noted that if desired, there could be a cap on the number of affordable units. He stated that from a tax perspective there would be benefit in placing this property onto the tax roll and would assist the City in coming into compliance with density as regulated by the Metropolitan Council. He stated that the majority of manufacturers speak of the challenge with workforce, and this could bring new workers to the area. He believed that the location is a good fit, with the density further away from the single-family homes in the area. He commented that staff believes that this is a quality project and developer and acknowledges that this is a large financial ask, noting that this is pay-go financing so the City would not be providing any financing up front. He commented that he has seen projects from this developer in other communities and they are great projects.

Member Stewart commented that she would like to see a cap on the percentage of affordable units at 20 percent. She commented that she also likes the lookback provision and 20-year length for the term of financial assistance.

Member Johnson asked if a cap could be placed on flexibility given market conditions in the future for the affordable units.

Economic Development Manager Sullivan replied that would be contrary to what the other members appear to be asking for.

Member MacLennan stated that he also likes the cap of 20 percent for the affordable units. He stated that he does have some concern with a length of 20 years but also acknowledged that the property is currently not generating property taxes. He asked for details on the lookback clause and its term.

Mr. Aarsvold provided details on the typical lookback period, which typically occurs when the project is 95 percent occupied, and explained the process.

Economic Development Manager Sullivan asked if the cost to complete the lookback is paid for by the developer.

Mr. Aarsvold confirmed that language can be included in the ultimate agreement.

Member Riley commented that the EDA has done a great job focusing on the dollars and the term sheet. He acknowledged that the term sheet is just the first step in this process and other groups within the City would focus on other project details such as traffic and zoning.

Economic Development Manager Sullivan confirmed that the EDA is a recommending body, and its recommendation would move forward to the City Council. He stated that if support is also provided by the Council, that would give the developer some confidence in moving forward in the site plan and planning process.

Member Howell asked for details on the competition this would create with a nonprofit receiving financial assistance from the City compared to developers that are providing market rate apartments without assistance from the City.

Economic Development Manager Sullivan replied that each project has its own merits. He noted that the City is working with another developer that proposes to create a product that would exceed these rental rates, which would fund that project. He stated that this applicant has a mission as a nonprofit to provide some affordable housing as part of their projects and is one of the reasons the subsidy is needed. He stated that the assistance would help to pay for the affordable units rather than the market rate units and therefore did not see an issue with competition.

Member MacLennan commented that this project would bring in workers and capital dollars to the community and that should be the focus for the EDA.

Member Johnson commented that putting a cap on the affordable units would not be something that she would want. She commented that the market can change and would want to see the developer have flexibility to provide affordable more units if that is something they desired.

Chairperson Winyinger commented that having rates available below market rate does not make financial sense beyond what is required, therefore he would be fine not having a cap.

Member Stewart commented that she believes the 20 percent cap would be wise with that many single-family homes near this project in order to keep the integrity of the project. She commented that in 20 or 30 years, she would not want to see 90 percent of the units deemed affordable as that could impact the adjacent home values.

Member Riley asked if the years and dollar move together on the term sheet, using the example of ten years versus 20 and asked if that would then reduce the financing by half as well.

Mr. Aarsvold confirmed that to be true. He commented that the dollars and term are based on what the increment is projected to be during that time. He commented that ten years would equate to a little over half of the total projected in the term sheet.

Motion by Member Stewart, seconded by Member MacLennan, to recommend to City Council to support the project with the term sheet and assistance levels as proposed with the addition of a cap of 20 percent on the number of affordable units.

Motion carried. Voting Yes: Chairperson Winyinger, Members Stewart, MacLennan, and Lindahl. Voting No: Members Howell, Johnson and Riley. Absent: None.

4.02: Consider Offers to Purchase and Develop a Portion of Outlot A, COR TWO

Economic Development Manager Sullivan presented the staff report.

Heather Lorch, Capstone Homes, commented that they have been following this parcel for almost one year and are grateful to present a proposed project this morning. She provided details on Capstone Homes and its mission. She reviewed the neighborhoods that Capstone has developed in Ramsey and other metro communities. She also provided details on Capstone's commitment to Homes for Hope, noting a dedication that will occur in Riverstone South later this morning. She

presented the concept for this property with 130 attached townhomes, noting that they feel that the attached product would be ideal for this site and within the COR. She also reviewed the proposed amenities within the development and proposed townhome design. She stated that the proposed price point would be \$300,000 to \$335,000 for three-bathroom, three-bedroom units. She commented that they would be happy to introduce this new product line in Ramsey, just as they did with their liberty home model. She commented that the neighborhood would be professionally managed by a townhome association. She provided details on the proposed schedule, noting that they would ideally break ground in March or April of next year and build in multiple phases.

Steve Bona, Capstone Homes, commented they are happy to be looking at another project in Ramsey. He commented that it is hard to find a location for attached townhomes in the metro area because of the need for close by conveniences. He stated that the COR would provide the accessibility and walkability that is needed for attached townhomes. He stated that they are focusing on price point as well, noting that they cannot hit this price point in Riverstone. He stated that the market is thirsty for this price point and believes there is a huge demand for this. He commented that they feel that the backyards and greenspace are important for buyers, as the target market is young professionals and young families. He stated that they want to have their landscaped entrance and greenspace for people to see when they drive into the development as that will increase marketability. He invited the members of the EDA to attend the Homes for Hope event at Riverstone South later this morning as well.

Economic Development Manager Sullivan commented that there are some differences between the proposals. He stated that the backyard units do not have a sidewalk which is not compliant with COR standards and therefore Capstone would request an R-2 zoning. He stated that in order to hit the affordability price point, Capstone is asking for a reduction in park dedication fees. He commented that Capstone would have an attached product while Centra will be presenting a detached product.

Mr. Bona commented that Capstone feels that the reduction in park dedication is necessary, noting that the Ramsey park dedication fees have significantly increased over the past few years. He stated that Ramsey has higher fees than the other communities that Capstone builds within. He noted that the price for park dedication would equate to \$6,000 per unit and while they can afford that within Riverstone, they could not provide the proposed price point for the townhomes with that level of park dedication.

David Pattberg, Centra Homes, stated he appreciated the work of staff throughout this process. He provided background information on Centra Homes, a local builder focused on the north metro. He displayed the proposed product for the Centra concept that would be a similar product to what they have already built in the COR. He stated that this would provide sidewalks and trails to continue the connectivity of the COR. He commented that the trails and connections within the COR are heavily used. He stated that for this product they have seen singles, young families, and empty nesters. He stated that the 16-acre concept would reserve the remainder of the site for commercial use and if that were not to come forward, they could continue the residential development onto that remainder. He provided some of the example floorplans and elevations. He commented that their existing neighborhood is fully built out within the COR and fully occupied. He stated that staff has done a great job providing a comparison of the projects within

the staff report. He stated that their intention was to provide a concept that meets the COR guidelines, pays the full fees, and associated offer price.

Chairperson Wyingner offered an opportunity to ask questions to either of the developers related to the structure and vision with financial questions reserved for closed session.

Economic Development Manager Sullivan commented that Centra includes an option to develop the three acres residentially. He noted that Capstone has also provided a concept for that as well, but each developer understood the desire for the City to retain that portion for commercial development. He noted that the Capstone proposal would assume permission to fill the wetland which would allow for additional units. He stated that staff did request a concept that also shows the wetland remaining, should that permission not be gained noting the difference in unit count from 115 units to 130 units.

Member Riley referenced the existing Centra development which is fully built in the COR and asked if this would essentially look the same.

Mr. Pattberg confirmed that the exterior would be the same but there may be some tweaks to the interior floorplans. He noted that existing neighborhood has 40 units.

Member Lindahl asked how the sell off was for that development and also asked for the feedback they received from the market.

Mr. Pattberg replied that when they started the sale for those units it was a little slow. He stated that they got the sense that the homes directly along Bunker and Ramsey boulevards were slightly less desirable, which is where they started building. He noted that once they got the first five or six sales, the remainder of sales picked up. He recognized that it was a different product, rear loaded and 20 feet wide, which is not a common suburban product. He stated that the product has been successful in the COR.

Chairperson Wyingner referenced the comments from Capstone focusing on walkability and noted the lack of sidewalks. He asked if Capstone would be willing to reconsider sidewalks.

Mr. Bona replied that they are open to sidewalks. He stated that they have the trail running through the community and have noted that perhaps that would be better served running along Bunker and then connecting. He stated that they are very open to sidewalk discussion.

Ms. Lorch commented that they feel that this design without sidewalks appeals to a larger number of buyers. She commented that they do not offer rear loaded homes and do not feel there is a strong market for that. She commented that sidewalks also reduce the impervious surface and feel that additional greenspace is more attractive in the market. She commented that they would be willing to revisit that consideration, but additional sidewalks would also increase HOA fees because of increased maintenance.

Mr. Bona clarified that he was speaking about sidewalks along the street.

Ms. Lorch commented that her comments were related to sidewalks behind the homes. She noted that her comments were related to the COR requirement.

Motion by Member Riley, seconded by Member Johnson, to enter closed session pursuant to Minn. Stat. 13D.05 Subd. 3(c) to discuss Outlot A, COR 2, PID 28-32-25-22-0058.

Motion carried. Voting Yes: Chairperson Wyingner, Members Riley, Johnson, Howell, Lindahl, MacLennan, and Stewart. Voting No: None. Absent: None.

The meeting returned to open session.

Economic Development Manager Sullivan stated that EDA met under closed session to discuss offers and potential counter offers, and the EDA had reviewed the offers and there was direction to have staff to work with Centra Homes to draft a purchase agreement with the terms identified in the EDA case for City Council consideration.

Motion by Member Stewart, seconded by Member Lindahl, to recommend to City Council to select Centra Homes and execute a Purchase Agreement with the terms included in the developer's proposal.

A roll call vote was performed:

Member Lindahl	aye
Member MacLennan	nay
Member Johnson	aye
Member Stewart	aye
Chairperson Wyingner	nay
Member Riley	aye
Member Howell	nay

Motion carried.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan provided a brief summary of recent City Council actions at recent meetings related to cases previously recommended by the EDA. He also noted upcoming development activity and events.

6. ADJOURNMENT

Motion by Member Johnson, seconded by Member Stewart, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Wyingner, Members Johnson, Stewart, Howell, Lindahl, MacLennan, and Riley. Voting No: None. Absent: None.

The regular meeting of the Economic Development Authority adjourned at 9:07 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sean M. Sullivan". The signature is written in a cursive style with a blue highlight behind it.

Sean Sullivan
Economic Development Manager

ATTEST:

A handwritten signature in black ink that reads "Wendy Schlueter". The signature is written in a cursive style.

Wendy Schlueter
Economic Development Administrative Assistant

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.