

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
FEBRUARY 19, 2019 REGULAR MINUTES

I. ORGANIZATIONAL BUSINESS:

1. CALL TO ORDER: Vice President Lisa Jacobson at 7:00 p.m.

ROLL CALL PRESENT: Vice President Lisa Jacobson and Treasurer Wynfred Russell, Commissioners Terry Parks, Susan Pha and Tonja West-Hafner, Executive Director Kim Berggren and Secretary Theresa Freund.

ABSENT/EXCUSED: President Jeffrey Lunde and Commissioner Mark Mata.

2. PUBLIC COMMENT AND RESPONSE:

2. A Response to Prior Public Comment: None.

2. B Public Comment: None.

3. APPROVAL OF AGENDA

MOTION WEST-HAFNER, SECOND PARKS APPROVING THE AGENDA AS PRESENTED. MOTION PASSED UNANIMOUSLY.

II. STATUTORY BUSINESS:

4. CONSENT:

- 4.1 Consider Approving EDA Meeting Minutes

MOTION WEST-HAFNER, SECOND PARKS TO APPROVE THE APRIL 16, 2018, OCTOBER 15, 2018, NOVEMBER 19, 2018 AND DECEMBER 17, 2018 MEETING MINUTES. MOTION PASSED UNANIMOUSLY.

5. PUBLIC HEARINGS:

- 5.1 None.

6. GENERAL ACTION ITEMS:

- 6.1 Consider Approving a Resolution Authorizing the Use of Tax Increment Financing (TIF#3) Funds for the Payment of Non-Reimbursable Expenses for the Highway 169 and 101st Interchange Project.

MOTION PHA, SECOND WEST-HAFNER TO WAIVE THE READING AND ADOPT RESOLUTION #2019-3 AUTHORIZING THE USE OF TAX INCREMENT FINANCING (TIF#3) FUNDS FOR THE PAYMENT OF NON-REIMBURSABLE EXPENSES FOR THE HIGHWAY 169 AND 101ST INTERCHANGE PROJECT. MOTION PASSED UNANIMOUSLY.

III. DISCUSSION:

7. DISCUSSION ITEMS

- 7.1 Status Update – No item was highlighted or reported on. Commissioners had no questions.

IV. WORK SESSION: Commissioners recessed at 7:10 pm from the Council Chambers and reconvened at 7:18 pm in the Steve Lampi Conference Room. This portion of the meeting was not televised nor videotaped but was open to the public.

8. WORK SESSION ITEMS

- 8.1 Discuss Purchase of Parcels Related to the Acquisition of Right-of-Way for the 101st and 169 Interchange.

MOTION WEST-HAFNER, SECOND PARKS MOVE TO RECESS INTO A CLOSED SESSION PURSUANT TO MINNESOTA STATUTES, SECTION 13D.05, SUBDIVISION 3(c) TO CONSIDER DEVELOPING OFFERS TO PURCHASE THE FOUR PARCELS OF LAND IDENTIFIED IN THE STAFF REPORT. MOTION PASSED UNANIMOUSLY.

At 7:32 pm the work session was closed following the above motion. Present during the closed session were: Vice President Lisa Jacobson, Treasurer Wynfred Russell, Commissioners Tonja West-Hafner, Susan Pha, Terry Parks, Executive Director Kim Berggren, Assistant Executive Director Jay Stroebel, EDA Attorney Jenny Bolton, Planning Director Cindy Sherman, Economic Development & Housing Director Breanne Rothstein, City Engineer Jesse Struve, WSB Consultant Faye Gillespie and EDA Secretary Theresa Freund. At 7:46 pm the work session was reopened and the public was invited back into the conference room.

Vice President Jacobson stated the Board met in closed session to consider developing offers to purchase the parcels of land identified in the staff report. No action was taken by the Board in the closed session.

- 8.2 Brooklyn Park Homeowner Programs Overview – Kim Berggren reported staff is suggesting that the EDA consider adjusting the Home Improvement and CDBG Home Rehab Programs. Staff is also suggesting that we add two new programs: on-bill payment loans and down payment assistance. The city has about 16,000 homes that would be impacted by these program adjustments.

Some of the guiding principles staff is suggesting is to keep the available programs as easy to understand as possible and maybe think about using 115% AMI or 120% AMI as the cutoff for all the programs to simplify it for administration and ease of understanding. We are suggesting that we do a longer term if repayment is required to give homeowners more time and lower payments. Keep a ten-year term, if forgiving the loan. Thinking of benefiting more people in need. The other factor is having larger loan amounts when you are getting repaid versus when you are forgiving. In the last few months we have talked about how our home improvement loan program is severely underutilized and there is over \$700,000 set-aside for this purpose that hasn't been used.

Marketing strategies are listed in the report. We can do more to market it but the usage is so low that a marketing strategy won't be enough to get usage up. At different times, we have marketed it more but it has not had a significant impact. The challenges we are experiencing is low usage and the interest rates are high so residents are choosing to go to a Minnesota Housing or CEE loan product instead, which is fine as that is the position the EDA has been okay with in the past. Income restrictions are relatively low compared to other programs. CEE doesn't have any on their programs and Minnesota Housing has a \$141,000. We require two bids for our program and the other programs only require one bid. CEE runs the program for us and if they see bids that are off, they are advising the homeowner to get another bid. This expedites the process when you only have to get one bid. The way the program is currently run you can only access it once so we are suggesting letting people go up to the maximum amount even if they want to come back and get more money. As long as they are not exceeding the maximum amount. These are some of the issues that staff think is problematic with the program.

Staff is recommending creating four loan types within the program to achieve specific goals related to:

1. Improve overall program usage with 4% interest, no income limits, \$50,000 maximum and repayment required.
2. Better interest rate for lower income households with 3% interest, under 120% AMI, maximum \$50,000 and repayment required
3. Better interest rates and forgivable loans for seniors with 0% interest rate, due on change of ownership, maximum \$25,000 and no income restrictions.
4. Alleviate open code enforcement cases with 0% interest rate, deferred/forgiven after 15 years, under 120% AMI and maximum \$25,000.

We also have the CDBG Home Rehab Loan Program which requires 80% AMI. Staff is suggesting changes to the program:

1. Loan amount not enough for some improvements like siding. Increase amount to \$25,000. What is happening today in the way we run the program is that if it is over \$15,000 we are sending out a city inspector to approve the difference and Hennepin County also sends out an inspector.
2. Eliminate the dual inspection and allow the county to go up to \$25,000. We would also be asking the county to target \$20,000 and they have said they could do that successfully after running the program for the past year. A lot of the cities around Brooklyn Park are using the cap \$25,000 to \$30,000.
3. Staff is also suggesting that residents could come back and use the program again in the future after the ten-year loan term is over.

New program ideas:

1. Center Point Energy on bill repayment program – energy efficiency improvements like new windows, insulation, HVAC, roofing, etc. This is being discussed to make it easier for residents to access funds because they don't have to deal with another loan product and they can make payments through their bill. If commissioners are interested in this option, staff can coordinate it with Center Point Energy.

2. Down payment assistance program, which we have had in the past. If commissioners want to focus on the reduction of the barriers of homeownership, we start offering one. Other cities have similar programs and it can be layered with Minnesota Housing \$15,000 down payment assistance. This would be forgiven after ten years or if they sell before ten years they are repaid with any proceeds that are available after the sale.

Staff is planning on beefing up our marketing with the city's new communication staff in place.

Commissioners discussed the different options presented and gave staff feedback. Staff will work with CEE and HC to adjust guidelines and create new programs. Staff will bring this to the EDA at the April meeting for approval.

- 8.3 Housing Policies, Programs and Strategies Update Overview – Erika Byrd stated this overview serves as an update to commissioners and for staff to receive feedback on policies.

The eviction work has been a priority for the EDA. Staff delivered over a thousand of the Attorney General Landlords and Tenants: Rights and Responsibilities booklet through welcome bags to tenants. Staff has had meetings with apartment managers and owners. The HOME Line eviction report was presented to the EDA in January.

Erika Byrd reported the Next Steps is to exploring ways to prevent evictions and support tenants. Staff is scheduling facilitated discussion on evictions with stakeholder groups:

- Owners with Multi-Family Housing Association end of March. Commissioners will be notified of the date.
- Seeking advice on best approach to gather tenant input from ACER and Dr. Lewis.

Staff will be meeting with the Human Rights Commission in March to draft a Fair Housing Policy. The draft policy will be brought to the EDA this spring.

Other key updates: the Apartment Action Plan 2.0 was launched February last year. Staff is working to bring an update to the City Council in March or April.

Kim Berggren reported staff is working on the Tenant Protection Ordinance. An example from St. Louis Park is included in your packet and we are using that as a guide. Staff is talking to other cities. We will be bringing forward a suggested Tenant Protection Ordinance that will require a new owner to notify tenants that they have acquired the property and giving a 90-day warning if they will be renovating and asking tenants to leave. Most owners currently do this. This would put this protection in place for all apartments.

Commissioners expressed concern over the loss of affordable housing and directed staff to keep working on the Tenant Protection Ordinance.

V. ADJOURNMENT

Meeting adjourned at 9:14 p.m.

Respectfully Submitted
EDA Secretary Theresa Freund