



Monday, August 24, 2020
7:00 pm

City Hall – Council Chambers
5200 - 85th Ave North

**THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
REGULAR MEETING – AGENDA #9**

**President Jeffrey Lunde, Vice President Susan Pha, Treasurer Lisa Jacobson,
Secretary Tonja West-Hafner, Commissioners Mark Mata, Terry Parks and Wynfred Russell,
Executive Director Kim Berggren and Assistant Executive Director Jay Stroebel**

For reasonable accommodations or alternative formats, contact Theresa Freund, 763-493-8059 or email theresa.freund@brooklynpark.org.

Para asistencia, 763-493-8059
Yog xav tau kev pab, hu 763-493-8059

Our Vision: Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

Our Goals:

***Strong Neighborhoods • Adapting to Changing Demographics • Public Safety
Financial Sustainability • Community Image • Focused Redevelopment and Development***

I. ORGANIZATIONAL BUSINESS

1. CALL TO ORDER/ROLL CALL

2. PUBLIC COMMENT AND RESPONSE

This provides an opportunity for the public to address the EDA on items, which are not on the agenda. Open Forum will be limited to 15 minutes (if no one is in attendance for the Open Forum, the Regular Meeting may begin) and it may not be used to make personal attacks, to air personality grievances, to make political endorsements or for political campaign purposes. Commissioners will not enter into a dialogue with citizens. Questions from the EDA will be for clarification only. Open Forum will not be used as a time for problem solving or reacting to the comments made but, rather, for hearing the citizen for informational purposes only.

2A. RESPONSE TO PRIOR PUBLIC COMMENT

2B. PUBLIC COMMENT

3. APPROVAL OF AGENDA

II. STATUTORY BUSINESS AND/OR POLICY IMPLEMENTATION

4. CONSENT

- 4.1 Consider Approving EDA Meeting Minutes
 - 4.1A June 15, 2020 Meeting Minutes

The following items relate to the EDA's long-range policy-making responsibilities and are handled individually for appropriate debate and deliberation. (Those persons wishing to speak to any of the items listed in this section should fill out a speaker's form and give it to the Secretary. Staff will present each item, following in which audience input is invited. Discussion will then be closed to the public and directed to the EDA table for action.)

5. Public Hearings

5.1 None.

6. General Action Items

6.1 Consider Approving Special Benefit Tax Levies for Defraying the Costs Incurred by the Brooklyn Park Economic Development Authority for the Year 2020

6.1A Resolution

6.2 Direct staff to prepare an amendment to the Contract for Private Redevelopment between the Brooklyn Park EDA and BP Partners Limited Partnership for Creekside Gables

6.2A Map

6.2B BP Partners Memo

6.2C Ehlers Memo

III. DISCUSSION - These items will be discussion items, but the EDA may act upon them during the meeting.

7. Discussion Items

7.1 Status Update

7.2 Housing Update

IV. WORK SESSION

8. Work Session

8.1 2021 Strategic Investments Discussion

V. ADJOURNMENT

Since we do not have time to discuss every point presented, it may seem that decisions are preconceived. However, background information is provided for the EDA on each agenda item in advance from City staff; and decisions are based on this information and past experiences. If you are aware of information that has not been discussed, please raise your hand to be recognized. Please speak from the podium. Comments that are pertinent are appreciated. Items requiring excessive time may be continued to another meeting.

The Brooklyn Park Economic Development Authority's Agenda Packet is posted on the City's website.

To access the agenda packet, go to www.brooklynpark.org

The Next Scheduled EDA Meeting is September 21, 2020

City of Brooklyn Park Request for EDA Action

Agenda Item No:	4.1	Meeting Date:	August 24, 2020
Agenda Section:	Consent	Prepared By:	Theresa Freund, Program Assistant
Resolution:	N/A	Presented By:	Kim Berggren, Executive Director
No. of Attachments:	1		
Item:	Consider Approving EDA Meeting Minutes		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO APPROVE THE JUNE 15, 2020 EDA MEETING MINUTES.

Overview:

N/A

Primary Issues/Alternatives to Consider:

N/A

Budgetary/Fiscal Issues:

N/A

Attachments:

4.1A JUNE 15, 2020 MEETING MINUTES

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
June 15, 2020 MEETING MINUTES

I. ORGANIZATIONAL BUSINESS:

1. CALL TO ORDER: President Jeff Lunde at 7:00 p.m.

ROLL CALL PRESENT: President Jeff Lunde,
VIA PHONE: Vice President Susan Pha, Treasurer Lisa Jacobson, EDA Secretary
Tonja West-Hafner and Commissioners Mark Mata, Terry Parks and Wynfred
Russell, Staff: Executive Director Kim Berggren, Economic Development &
Housing Director Breanne Rothstein, Project Facilitator Sarah Abe, Development
Project Coordinator Erika Byrd, EDA Attorney Jim Thomson and Program
Assistant Theresa Freund.
ABSENT/EXCUSED: None.

Statement read by President Jeff Lunde: As previously noticed, this meeting of the
Economic Development Authority is being conducted by phone pursuant to
Minnesota Statutes Section 13D.021. I am physically present in the City Council
Chambers. All other Commissioners are participating by phone. All
Commissioners can hear one another and can hear all discussion and testimony.
All votes taken during this meeting will be conducted by roll call. Members of the
public are invited to comment on agenda items by emailing me at
jeffrey.lunde@brooklynpark.org (Subject line: "EDA Testimony") or by texting me
at 763-242-1555.

2. PUBLIC COMMENT AND RESPONSE:

2. A Response to Prior Public Comment: None.

2. B Public Comment: None.

3. APPROVAL OF AGENDA

MOTION LUNDE, SECOND JACOBSON APPROVING THE AGENDA AS
PRESENTED. MOTION CARRIES ON A ROLL CALL VOTE AS FOLLOWS: YES:
PHA, WEST-HAFNER, RUSSELL, JACOBSON, PARKS, MATA AND LUNDE.
NO: NONE. ABSENT: NONE.

II. STATUTORY BUSINESS:

4. CONSENT:

4.1 Consider Approving EDA Meeting Minutes.

MOTION LUNDE, SECOND JACOBSON TO APPROVE THE APRIL 20,
2020 EDA MEETING MINUTES. MOTION PASSED UNANIMOUSLY ON
A ROLL CALL VOTE AS FOLLOWS: YES: WEST-HAFNER, RUSSELL,
JACOBSON, PARKS, MATA, PHA AND LUNDE. NO: NONE. ABSENT
NONE.

5. PUBLIC HEARINGS:

5.1 None.

6. GENERAL ACTION ITEMS:

6.1 Consider Approving the Term Sheet Between the Brooklyn Park Economic Development Authority and George North Group for the Development of the Village Creek Apartment Project.

MOTION LUNDE, SECOND JACOBSON TO WAIVE THE READING AND ADOPT RESOLUTION #2020-9 APPROVING THE TERM SHEET BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY AND GEORGE NORTH GROUP FOR THE DEVELOPMENT OF THE VILLAGE CREEK APARTMENT PROJECT. MOTION PASSED UNANIMOUSLY ON A ROLL CALL VOTE AS FOLLOWS: YES: RUSSELL, JACOBSON, PARKS, MATA, PHA, WEST-HAFNER AND LUNDE. NO: NONE. ABSENT: NONE.

6.2 Consider Supporting Use of a Deferred Loan and Tax Increment Financing for Bethesda Lutheran Communities to Develop Housing for Seniors and Individuals with Intellectual or Development Disabilities on Decatur Drive.

MOTION LUNDE, SECOND JACOBSON TO WAIVE THE READING AND ADOPT RESOLUTION #2020-10 SUPPORTING USE OF A DEFERRED LOAN AND TAX INCREMENT FINANCING FOR BETHESDA LUTHERAN COMMUNITIES TO DEVELOP HOUSING FOR SENIORS AND INDIVIDUALS WITH INTELLECTUAL OR DEVELOPMENTAL DISABILITIES ON DECATUR DRIVE. MOTION PASSED UNANIMOUSLY ON A ROLL CALL VOTE AS FOLLOWS: YES: JACOBSON, PARKS, MATA, PHA, WEST-HAFNER, RUSSELL AND LUNDE. NO: NONE. ABSENT: NONE.

III. DISCUSSION:

7. DISCUSSION ITEMS

7.1 Status Update – Kim Berggren highlighted the following:

- Staff is starting a second business impact survey related to the impact of COVID19 on our businesses. We had a great showing on the first survey and we are pushing to get the word out about the second survey. This will help inform businesses of the additional programs going forward.
- We are continuing to manage the website with resources for businesses and are directing them to the link on the COVID19 page of the city's website. This is a good way for businesses to find other resources in the community they can access.
- The Twin West Chamber of Commerce has announced that it will be emerging with the Minneapolis Regional Chamber of Commerce. We have had conversations about how we want to promote the use of chambers in Brooklyn Park to have better support of our local businesses. Staff is engaging in conversations with Twin West about this topic and what the merger would like and

how it could impact and improve the situation in Brooklyn Park. If commissioners have any specific thoughts, I would be happy to connect with you related to your interest or thoughts on how the chambers could better serve our businesses.

- In the workforce development category, I would like to celebrate that despite everything that is happening and the need to do virtual work, we have been able to continue to operate the BrookLynk Program thanks to Catrice and the other staff of that program. They were able to match 30 young people into their internships and the other 90 that they had set out to serve are going to be doing a six-week paid online training series using a stipend method. That is how we have pivoted that program to address the current context. Melody Herr is a summer fellow who is joining us and will be helping with the program.
- I would like to welcome Nyoka Sewell our new EDA intern who is coming to us after graduating from North Hennepin Community College and our BrookLynk intern Sonia Limkar who has started today. We will mostly be communicating with them through the virtual platforms we have in place and you may get the chance to see them during the summer.

Commissioner Tonja West-Hafner stated I am excited that we are still bringing on interns. Thank you to staff for that.

President Jeff Lunde asked if the survey will count the businesses that are no longer in business. I think this is a very important data point. I can think of two that I know of that are not reopening and have closed. I would also be curious what their confidence level of making it twelve months out because I think that there is a lot of angst out there as we continue to lag other states in opening things up that people are giving up. Kim Berggren responded those types of questions are in the survey so we should receive some data on those if we can get businesses to complete the survey. We know that a lot of people and businesses are having survey fatigue. Any help that you can do to promote the survey would be great. Regarding your question about businesses that have closed, the survey is completely open to whoever goes in and enters data. Certainly, a business that has closed is welcome and we would encourage them to go in and provide that information to us using that survey tool. They are also welcomed to reach out to us as well if they want to connect and see if there are any resources that might be available to help them.

President Jeff Lunde asked that if staff and council hears things, can we collect data on how many businesses have closed. As a person whose father lost his business during the farm crisis, people who lose their business typically are not really interested in responding to a survey. An example is Roasted Pear that has closed. We do not want to miss businesses that have closed. Kim Berggren stated that staff has started a log of the ones we have become aware of. Thank you for the suggestion. If others know of businesses that have closed, please keep staff posted.

President Jeff Lunde stated I do not know how the two chambers merging can positively impact Brooklyn Park at all. There were only four members of the Brooklyn Park business community that were in Twin West. I do not see how merging it with Minneapolis would positively impact Brooklyn Park at all. I would love to be proved wrong. It seems more like a policy driven

chamber. I have talked before about forming our own business chamber because I do not see how it will get better by adding a bigger group. They are not reaching out to the young small business owners that we have or help them. Kim Berggren responded that is a good point. We have been hearing that from you and others. The conversation we will explore with Twin West would include asking if they could help support city specific chapter or council to create more of a local presence of a chamber here. Staff will keep down that path either with Twin West or other partners that could possibly support local businesses.

President Jeff Lunde stated it is important for us to take a stand here. I know that Brooklyn Center has a business group that gets together and we have the Business Forward group.

Commissioner Mark Mata asked what information are trying to get from surveying businesses. Kim Berggren responded the survey is an impact survey to get a sense for what business needs are. Staff continues to work with other agencies and consider opportunities for us to provide relief funds to businesses. One example of that is that we are currently talking to Hennepin County around helping the county administer the loans that are coming through using CARES Act dollars from the federal government and those will be going to Brooklyn Park businesses. The last survey helped us understand a little bit better what the local need is. In this survey we did ask some different questions more about recovery and what the different plans were and how long people thought they could sustain their situation. The point is to really understand the impact and hopefully inform our response to the EDA and to our partners.

Commission Susan Pha said how glad and grateful I am for the staff being there and making sure we can still do BrookLynk for our young people. With COVID19 I have to say our young people are the most impacted. They are the ones who can go anywhere, they do not have any of their social support that they get from school and friends. Having BrookLynk continue so that our youth in the community have something positive to do and to learn is very important. Thank you for finding a way to still have the program despite COVID19.

7.2 Housing Update – Erika Byrd highlighted the following:

- Under evictions, what I wrote in the memo was written before a few things changed. The governor's executive order that affected suspending eviction filings was set to expire June 12th. The governor's executive order has now been extended through July 13th. While rent is still due there is currently a suspension of filing. That said the legislature could act to terminate the current peacetime emergency before July 13th and would take a majority vote in each body of the state legislature. The lawmakers are currently reconvened at the state capitol for a special session this week. Staff is watching to see what will happen there.
- We are also working to connect our renters and property managers with some of the COVID19 Emergency Rent Assistance Programs at the county.
- Over the weekend news came out about what rent collection looks like during June. While rent collection was slightly down compared to the last two months it is not widely different from last year. We are seeing that in Class C apartments, which are the more

affordable apartments. Minnesota Housing is reporting that roughly 88% to 90% of renters are making their rent payments on time from their latest survey.

President Jeff Lunde stated he does appreciate hearing what the market is seeing, and the report is very useful.

Commissioner Susan Pha stated thank you for the information. I would like us to keep in contact with our apartment managers here to see if they have seen any increases in tenants being unable to pay. Also are they doing anything to help their renters who are not able to make payments.

Commissioner Tonja West-Hafner asked if the CURA Brooklyn Park Housing Research Project is on hold right now correct? Erika Byrd replied yes. We have found that the response rate among apartment managers we were trying to engage this summer is rather low. Furthermore, there was an incident with a research assistant for the project who sustained a serious injury and is no longer able to assist in the project. We may have to do a rehire so for the next two months we probably will not get that research review, or the interviews done.

Commissioner Tonja West-Hafner stated that was okay. She wanted other commissioners to know that.

Commissioner Tonja West-Hafner stated you gave an overview of the city in general; do we know what the rent collection rate is at Huntington Place? How are they doing? Erika Byrd responded midmonth we checked in with them and they said they were at 20% late but they had also been that late the month before. They were optimistic that it was not going to stay at 20% late.

Commissioner Tonja West-Hafner asked when is Huntington Place going to get started with their rehab this summer, do we have a better idea of when this summer? Erika Byrd stated she is currently putting together a memo on that. There has been a delay in interior and common area improvements due to social distancing, but the plan is to get that going. I will get more details and report back to commissioners by next month.

Commissioner Tonja West-Hafner asked if the city is helping the county advertise the emergency rental assistance through the CARES Act and CDBG funds? Erika Byrd responded staff has sent out emails to all the apartment managers and have put it on our website. We have also been working with people as they contact the city or follow-up calls to connect them to that resource. I believe there were posts on social media originally. We can certainly look at that.

Commissioner Tonja West-Hafner stated I think we should do that. The access to some of the money ends this year. The county needs to spend that money quickly. I would not want us to miss out on opportunities to help.

Commissioner Tonja West-Hafner asked if the Autumn Ridge rehab project was pretty much done? Erika Byrd stated she does not know the exact date of the rehab completing. The door project requires them to rebid the wiring portion, which slowed the rehab down.

Commissioner Tonja West-Hafner stated I sent something to the city manager about the Met Council and relooking at how they calculate our score again. A couple of things were around different policies we would need or have. Is staff planning on responding with any comments to that process. Maybe looking at our Fair Housing Policy? Kim Berggren responded we are aware of what is happening there. We have not been following it closely because the city has been scoring so high in previous years. Staff will make sure we look at it.

IV. WORK SESSION

8. WORK SESSION ITEMS:

8.1 None.

V. ADJOURNMENT:

Meeting adjourned at 8:46 p.m.

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.1	Meeting Date:	August 24, 2020
Agenda Section:	General Action Items	Prepared By:	Breanne Rothstein Economic Development & Housing Director
Resolution:	X	Presented By:	Kim Berggren, Executive Director
No. of Attachments:	1		
Item:	Consider Approving Special Benefit Tax Levies for Defraying the Costs Incurred by the Brooklyn Park Economic Development Authority for the Year 2021		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO WAIVE THE READING AND ADOPT RESOLUTION #2020-__ APPROVING SPECIAL BENEFIT TAX LEVIES FOR THE PURPOSE OF DEFRAYING THE COSTS INCURRED BY THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY FOR THE YEAR 2021.

Overview:

The City's budgeting schedule requires the Economic Development Authority (EDA) to set its "EDA" and Housing Redevelopment Authority "HRA" levies at its August meeting.

- The EDA levy is a special benefit tax as authorized by Minnesota Statutes, § 469.107, Subd. 1, in the amount of 0.01813 percent of the taxable estimated market value of the City. By Resolution #2005-253, dated September 12, 2005, the City Council authorized the EDA to levy and collect this amount pending final annual approval by the City Council.
- The HRA Levy is a special benefit tax as authorized by Minnesota Statutes, § 469.033, subd. 6, in the amount of 0.0185 percent of the taxable estimated market value of the City. By Resolution #1997-336, dated December 18, 1997, the City Council authorized the EDA to levy and collect this amount without further approval of the City Council, provided the EDA Board and the City Council consist of the same members.

Upon conferring with the City Manager and Finance Director, staff recommends the EDA set the EDA levy at the same amount as the Council directed last year as shown below:

LEVY	2020 ADOPTED LEVY	2021 FULL LEVY ESTIMATED TO GENERATE	2021 PROPOSED LEVY
EDA	\$1,253,949	\$1,436,965.95	\$1,253,949
HRA	\$859,752	\$1,466,291.79	\$859,752

This recommendation deviates from the practice prior to 2020 of setting both the EDA and HRA levies to the maximum amount for maximum flexibility. Given budget constraints caused by the global pandemic, staff agrees this approach will provide adequate flexibility for determining the appropriate sources of revenue for the City's 2021 budget recognizing that the levies can be adjusted by the Council during budget deliberations for the entire city.

Attachments:

6.1A RESOLUTION

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2020-

APPROVING SPECIAL BENEFIT TAX LEVIES FOR THE PURPOSE OF DEFRAYING THE COSTS INCURRED BY THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY FOR THE YEAR 2021.

WHEREAS, the Brooklyn Park Economic Development Authority (the "EDA") was created by the City Council of the City of Brooklyn Park (the "City Council") by its adoption of an "Enabling Resolution" No. 1988-273, dated October 24, 1988 pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the "EDA Act"); and

WHEREAS, the Enabling Resolution was amended by Resolution No. 1995-72 dated March 20, 1995, whereby the EDA was granted all of the powers, rights, duties, and obligations set forth in Minnesota Statutes Sections 469.001 to 469.047 (the "HRA Act"); and

WHEREAS, pursuant to Section 469.033, Subd. 6 of the HRA Act, with the consent of the City, the EDA is authorized to levy a special benefit tax within its area of operation, not to exceed 0.0185 percent of the City's taxable estimated market value, for the purpose of defraying its operational costs (the "HRA Levy"); and

WHEREAS, the HRA Act was amended in 1994 to permit the City to authorize the EDA to levy and collect the HRA Levy without subsequent, serial approvals by the City; and

WHEREAS, by Resolution No. 1997-336, dated December 18, 1997, the City Council resolved that the EDA "is authorized to levy and collect taxes in accordance with the amended HRA Act, without subsequent approval of the City, for so long as City Council members constitute the entire Board of Commissioners of the EDA"; and

WHEREAS, City Council members currently constitute the entire Board of Commissioners of the EDA (the "Board"); consequently, a separate annual approval by the City Council of the 2021 HRA Levy is not required; and

WHEREAS, pursuant to Section 469.107, Subd. 1 of the EDA Act, the EDA may request that the City levy a special benefit tax within its area of operation, not to exceed 0.01813 percent of the City's taxable estimated market value, for the purpose of defraying operational costs of the EDA (the "EDA Levy"); and

WHEREAS, the staff has recommended Board approval of the full amount of the allowable HRA Levy, and an EDA Levy in an amount sufficient, together with the HRA Levy, for the forecasted expenditures of the EDA, as set forth below, and has represented that such levies are based upon the preliminary 2021 EDA budget.

NOW, THEREFORE, BE IT RESOLVED by the Brooklyn Park Economic Development Authority Board of Commissioners as follows:

1. That an HRA Levy for the year 2021 in the amount of \$859,752 is hereby approved pursuant to Section 469.033, Subd. 6 of the HRA Act, as amended, for the purpose of defraying the EDA's operational costs.

RESOLUTION #2020-__ APPROVING SPECIAL BENEFIT TAX LEVIES FOR THE PURPOSE OF DEFRAYING THE COSTS INCURRED BY THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY FOR THE YEAR 2021

2. That the Executive Director of the EDA is hereby authorized and directed to forward this action to the City Council and to take such other actions as are necessary to effectuate the HRA Levy approved herein in accordance with Section 469.033, Subd. 6 of the HRA Act.
3. That the City is requested to make an EDA Levy for the year 2021 in the amount of \$1,253,949 which does not exceed 0.01813 percent of taxable estimated market value in the City, pursuant to Section 469.107, Subd. 1 of the EDA Act for the purpose of defraying the EDA's operational costs.
4. That the Executive Director of the EDA is hereby authorized and directed to forward this request to the City Council and to take such other actions as are necessary to obtain City Council approval and imposition of the EDA Levy.

City of Brooklyn Park EDA WORK SESSION

Agenda Item No:	6.2	Meeting Date:	August 24, 2020
Agenda Section:	General Action Items	Prepared By:	Breanne Rothstein, Economic Development and Housing Director
No. of Attachments:	2	Presented By:	Breanne Rothstein, Economic Development and Housing Director
Item:	Motion directing staff to prepare for EDA consideration an amendment to the existing Contract for Private Redevelopment between the Brooklyn Park EDA and BP Partners Limited Partnership in accordance with the terms outlined in the staff report.		

Overview:

The EDA is considering an amendment to the contract with BP Partners Limited Partnership for the Creekside Gables improvement project from 2001. Staff has been working with BP Partners for over a year negotiating and discussing options for re-structuring. The requested action is the result of those discussions.

At the November 2019 EDA meeting, Commissioners considered options for responding to a request from BP Partners to forgive the EDA's loan. At that time, Commissioners indicated 100% loan forgiveness was not an option that would be considered. Since then, staff has been working with BP Partners to propose a restructuring of the loan that would satisfy both BP Partners and the EDA.

The current proposal from BP partners represents a collaborative effort to restructure the loan in a way that benefits the EDA as well as BP partners and helps ensure a stable project for the foreseeable future. Staff and Ehlers recommend the current proposal on the basis that it provides the following benefits to the EDA and community as a whole:

- Loan repayments starting now, rather than far into the future
- The project will continue providing affordability for an older population at thresholds exceeding the existing Mixed-Income Housing Policy at no additional out of pocket cost to the EDA (affordable housing preservation)
- The age restriction (50+) is extended.
- The project is estimated to be financially sound and stable with the re-structuring.
- Moderate capital improvements are required as part of this re-structuring.

Background:

In July 2001, the EDA made a \$2,965,455 loan to BP Partners, Limited Partnership using housing-restricted Tax Increment Financing (TIF) funds from TIF districts 15 and 17 (currently referred to as the Housing Set Aside Funds) to rehabilitate the former Parkwood Apartments, located at 7601 Zane Avenue North and convert it to a senior complex now known as Creekside Gables Apartments. The loan helped pay for renovations that included: adding a gabled roof to the main building and garages, screening in all the balconies, constructing new garages, constructing a new community building, reconstructing the parking lot, upgrading the landscaping and completely renovating the interior units and common areas. The property was constructed in 1969 and has 90 housing units.

The EDA undertook this project with the following goals and objectives:

- Convert existing apartments to senior complexes to decrease the supply of market rate apartments in the city

- Further the goals and objectives of The Village Master Plan/Shingle Creek Corridor Plan
- Physically rehabilitate an aging building
- Stabilize and increase property values
- Utilize funding sources the EDA has created to complete apartment rehabilitation

A project of this nature would often be financed using TIF using a “pay-as-you-go” (PAYGO) approach. With PAYGO, the \$2,965,455 in TIF would be paid to the developer over time, *without* repayment to the City. For the Creekside Gables project, the EDA used the Housing Set Aside funds since they were available and restricted for housing projects like this one. While the project needed the assistance provided for financial feasibility, the EDA structured the assistance as a loan, rather than PAYGO in case the project was more successful than projected. This loan structure preserved the ability of the EDA to recapture some of the TIF dollars expended, rather than having it all paid out in a PAYGO scenario.

The development agreement states that any repayment of the loan was to come from three sources: (1) excess cash flow from the project (over a 10% annual, cumulative, cash-on-cash rate of return), (2) tax increment generated by the project and (3) any proceeds from the sale or refinancing of the property. Project cash flow has been limited and no cash flow payments have been made to the EDA. The tax increment from this project re-paid \$934,839 worth of principal and interest but was less than anticipated and the TIF district has since been decertified. For these reasons, as well as those further described in the attached memorandum from Ehlers, near-term repayment of the loan is unlikely.

Primary Issues/Alternatives to Consider:

- **What are the proposed terms for the restructured loan?**
 - The total loan balance, including principal and any accrued interest is reduced to a total of \$1 million with an interest rate of 1.5%
 - Payments begin immediately based on a 60-year amortization with a balloon payment of the full balance in year 15. The EDA will receive \$25,393 annually under this scenario that can be put back into the Housing Set Aside Fund for future projects.
 - The project will continue providing affordable senior housing with at least 20% of the units available to those at or below 50% of area median income. The 50+ age restriction will also continue to remain in effect. These requirements expired in the existing agreement at the end of 2019 but will be extended by 20 more years from the date of the amended agreement.
 - The project must continue to participate in the MetroHRA’s Section 8 program.
 - The loan continues to be secured with a mortgage in second position.
 - The above provisions remain in effect if the property is sold.
 - The Developer will spend at least \$100,000 improving the property over the next 5 years.
 - The developer pays for the EDA’s out of pocket expenses associated with drafting and administering the amended Contract for Private Redevelopment (CPR).
- **What are the next steps?**

If approved, EDA staff will work with BP partners to draft an amended CPR consistent with the terms identified here. The CPR will then come back for final EDA approval within the coming months. Payments to the EDA would begin shortly after final execution of the revised CPR.

Recommendation:

The Executive Director of the EDA recommends approval

Attachments:

6.2A MAP

6.2B BP PARTNERS LETTER

6.2C EHLERS MEMORANDUM

Map Scale = 1: 6,812

- City Boundary
- 12022.sid Red: Band_1
- 12021.sid Green: Band_2
- Blue: Band_3
- 11922.sid Red: Band_1
- Green: Band_2
- Blue: Band_3
- 11921.sid Red: Band_1
- Green: Band_2
- Blue: Band_3
- 11822.sid Red: Band_1
- Green: Band_2
- Blue: Band_3
- 11821.sid Red: Band_1
- Green: Band_2
- Blue: Band_3
- City Background





July 27, 2020

Breanne Rothstein
Economic Development and Housing Director
Community Development
City of Brooklyn Park
5200 85th Ave. N.
Brooklyn Park, MN 55443

RE: Creekside Gables

Dear Ms. Rothstein:

I'd like to express my sincere gratitude with your continued work on this agenda. I know its been a long road for both parties. I am confident we both have the best interest of Creekside Gables at heart.

We would like to put forth the following formal request in restructuring the EDA Promissory Note with the city:

- Forgive the accrued interest of the standing EDA Note. Restructure the Note to a Principal Balance of \$1,000,000 at 1.5% interest rate going forward paid to the City in roughly \$25,000 annual payments. Complete Note payoff in 15 years via a balloon payment. This results in the EDA receiving roughly \$1,200,000 over a 15-year time period.
- BP Partners, A Limited Partnership is also offering a commitment of spending for Capital Expenditures \$100,000 over the next 5-year period at Creekside Gables.
- Creekside Gables will continue its Section 42 provisions to provide affordable housing for Seniors under a revised Development Agreement for the 15-year period.

We are very proud of our current residents and their relationship with Creekside Gables. They take pride in the site and the City.

We have enjoyed and will continue to enjoy our relationship with Brooklyn Park moving forward. We are available to discuss, if necessary, our request.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Francis W. Lang', written in dark ink.

BP Partners, A Limited Partnership, its Owner
Anthony Thomas Inc., its General Partner
Francis W. Lang, its President



MEMORANDUM

TO: Breanne Rothstein, Economic Development and Housing Director
 FROM: Jason Aarsvold, Ehlers
 DATE: 8-17-2020
 SUBJECT: Creekside Gables Loan Modification Request

The Brooklyn Park EDA received a request to amend its agreement with BP Partners Limited Partnership (the “Developer”), the entity that purchased and rehabilitated the Creekside Gables Property (the “Project”). The specific request involves modifying the terms of the loan for the Project.

You asked that we review the existing project and agreement to evaluate the likelihood of repayment of the EDA loan, and to determine whether it is advisable to consider amending the existing agreement. This memorandum is intended to summarize the analysis and recommendations.

EDA Loan Repayment Sources

There are currently three events that would trigger repayment on the EDA loan. The first is an annual cash on cash return over 10%. Any amount in excess of the 10% is applied as repayment on the EDA loan. Between 2001 and 2011, however, the Developer accumulated a \$2.1 million deficiency in the amount of return to which they are entitled under the terms of the agreement.

Since 2012, the Project has achieved a return in excess of the 10%, but that “extra” return is being used to repay past deficiencies. As of the end of 2019, the Project would need to make up just under \$1.5 million in past deficiencies before the EDA sees any contribution toward the loan. Using the Project’s 2019 financials to project forward, it would be 2048 before any payments would be made to the EDA. At that point, just over \$50,000 annually would be applied as payment on the loan. It would take 60 years from 2048 to repay just the principal on the loan.

The second and third possible sources are from the sale or refinance of the property. The Developer can keep ALL the net proceeds from a sale or refinancing up to a 14.22% internal rate of return in the existing agreement. Based on our analysis, the Project would either need to sell, or in the case of a refinancing, obtain a mortgage for over \$14 million to reach the designated 14.22% threshold. The project’s assessed value for Pay 2021 is \$7,974,000, making this unlikely.

If there is a sale, however, and proceeds can’t repay the EDA loan, then the Developer is still required to either, (1) repay the loan, or (2) the buyer can take an EDA note and repay the balance over 10 years at 8% interest. The current sale provision presents financial feasibility challenges for any prospective buyer and is a disincentive for the Developer to consider selling the Project.



Operating Covenants

Per the existing agreement, the Project must be operated as if it were a "tax credit project." In this case, that means that 20% of the units must be made available to persons earning no more than 50% of the area wide annual median income. In addition, rent for those units may not exceed 30% of the tenant's annual income. The Agreement also required the project be operated as a rental facility for adults 50 years old and older.

These operating covenants were an essential part of repositioning and stabilizing the property, while ensuring continued affordability. The covenants expired on December 31, 2019. As of today, the Developer is under no obligation to adhere to the above covenants within the agreement.

If the property were able to be sold at current market values, rents would need to increase to provide an adequate return to the buyer. Our analysis looked at a potential sale at \$9 million and concluded that rents would need to increase by 10%. This would push the rents above the 50% median income threshold. If the sales price were higher, then rents would need to increase more.

Loan Restructuring

Given the Project's current financial circumstances, repayment of the full principal and interest on the loan is unlikely in the near term. Restructuring the loan would provide repayment to the EDA sooner, while furthering housing policy objectives. In addition, the Project's financing will be more certain and promote stability while keeping the property positioned for success into the future. Through ongoing discussion with the Developer, the proposed restructuring includes the following provisions:

- Reduction in the total note to \$1 million at 1.5% interest.
- Payments begin immediately based on a 60-year amortization with a balloon payment of the full balance in year 15. The EDA will receive \$25,393 annually under this scenario
- The Developer will spend at least \$100,000 improving the property over the next 5 years
- The Developer will maintain the pre-existing affordability and age covenants for 20 years

Based on the project's current circumstances, we believe it is reasonable to consider restructuring the loan as there will be benefits for the community. These include:

- Loan repayments starting now, which will not happen for an extended period with the status quo. These dollars will need to be put into the EDA's Housing Set Aside Account and can be available to create additional affordable housing within the community.
- The project will continue providing affordability for an older population at thresholds that exceed the existing Mixed-Income Housing Policy at no additional cost to the EDA
- The age restriction is also extended, which was one of the project's initial stabilizing influences.
- The Developer has more financial certainty. The required \$100,000 reinvestment will occur, but the Developer indicates additional investment is necessary.

Please feel free to contact me a 651-697-8512 with any questions.

MEMORANDUM

DATE: August 20, 2020
TO: EDA Commissioners
FROM: Kim Berggren, Executive Director
SUBJECT: Status Update

BUSINESS DEVELOPMENT**Restaurant Week**

Staff are gearing up for this year's Restaurant Week! Last year, the City's first ever Restaurant Week was a huge success and received positive reviews from across the region. This year's event will take place from September 14-20 and involve more restaurants and new ways to engage. Because of the uncertainty created by COVID-19, restaurants and residents can participate in multiple ways. Restaurants have the option of providing a discount for dine-in or curbside services to attract customers to the store and to be featured on the City website and social media. Alternatively, restaurants can be listed as participating without offering a discount. Restaurants who choose this option will be listed on the website. No matter how a restaurant chooses to be involved in Restaurant Week, residents and customers will have the chance to win a prize in a social media giveaway – if they visit a restaurant or order food for delivery, take a picture of themselves, and tag the City on Facebook, Instagram or Twitter, they will be entered into a drawing to win a gift card to that restaurant. So far nine restaurants will be offering discounts and eight others will be participating. Find out which at www.brooklynpark.org/restaurant-week/ !

Hennepin County Business District Marketing Funds

City staff will be involved in the procurement process to contract with a marketing team to provide business marketing assistance through the Hennepin County Business District Recovery Fund Program (BDRP). Staff submitted a letter of intent to receive marketing services for the Edinburgh Centre District located off of 85th Avenue and Highway 252 and the West Broadway and Brooklyn Blvd Business District. 11 districts across the County were selected to receive the funds to provide the services to their districts, including the Edinburgh Centre district. The West Broadway/Brooklyn Blvd district was not selected. Staff from cities across the County will be involved in the process to select a consultant who will the work with businesses to create marketing and events meant to signal to the community that the businesses are open and able to be visited safely. The County was able to create this program through its allocation of Federal Coronavirus Aid Relief and Economic Security (CARES) act. This work is planned to be complete by November 15, 2020 to meet the spending deadline for these funds.

Mask Delivery

As of July 25, Minnesotans have been mandated to wear masks when indoors in a public space. This includes places of business. In order to help businesses and Minnesotans comply with the mandate the State of Minnesota worked with Chambers of Commerce throughout the State to supply masks to businesses. The State, through the Twin West Chamber of Commerce, gave the City of Brooklyn Park 55,000 masks to give to businesses. On July 29, 30, and 31 staff from across Brooklyn Park worked to distribute and deliver masks to more than 300 businesses. Staff also provided residents masks if they asked in an effort to help all residents comply with the order and do their part to keep themselves and their neighbors safe. Environmental Health inspectors have also committed to continue delivering masks to businesses during inspections or when masks are requested. If businesses are in need of masks they can email Daniela Lorenz and

Daniela.lorenz@brooklynpark.org. EDA staff will be supporting the distribution of additional masks to the community that the City plans to purchase using CARES Relief funds.

Small Business Center Work Update

The concept of a business incubator or small business center project in Brooklyn Park has been discussed since the City undertook station area planning related to the METRO Blue Line extension Light Rail Transit (LRT) project. Residents, community organizations including African Career Education and Resources Inc (ACER) and the Liberian Business Association (LIBA), and business representatives in Brooklyn Park expressed a desire for a culturally specific retail space that could support a variety of small businesses in the City. Since that time, the EDA has made the development of a building that provides affordable commercial space a strategic priority project. Upon preliminary review in 2019, staff determined a new building that could accommodate an ethnic market and incubator or coworking space would cost upwards of \$20 million. Given this reality and the planned development of other projects which will include commercial kitchen and coworking space, the EDA encouraged staff to focus on repurposing existing vacant commercial space to a small business center. The center would have affordable space for small and start-up businesses in the City to lease and would include coordinated services and/or technical assistance.

In June 2020, the City of Brooklyn Park's Economic Development Authority (EDA) was awarded a \$100,000 grant from the Metropolitan Council's Livable Community Development Act (LCDA) fund to do pre-development work related to a small business center in the City. The contract will primarily pay for the hiring of consultants to help scope out the project, create preliminary financial projections for the project's development and ongoing operations, locate space, negotiate leases, and create architectural drawings for the space. All funds from LCDA must be spent by June 2022. The major project milestones are outlined below.

Summer 2020: Scoping meetings
 Fall 2020: Procurement of contractor and architects
 Winter 2021: Lease negotiations and finalization
 Winter/spring 2021: City Planning Commission process
 Spring/summer 2021: Begin construction

Note that staff will be engaging businesses as both stakeholders and prospective tenants to the space during this entire process. Details about the community engagement plans are under development.

Project Scoping Meetings

To understand the scope of the project the staff engaged Jeff LaFavre of IAG Commercial. IAG is a commercial real estate group that specializes in strategic planning, buyer and tenant representation, the sale or subleasing of excess space, construction and project management, building development and investment services. Due to the complex nature of the project, staff entered into a small contract of up to \$5,000 with IAG to conduct three project scoping meetings and finalize a scope, timeline, and schedule. The meetings were to help staff understand the business community needs and demands in Brooklyn Park, type of space needed based on the industries with space needs in the community, and overall operations or programming of the space. A brief description of the meetings and related outcomes is below.

Scoping meeting one:

Scoping meeting one was held on June 30, 2020. The purpose of the meeting was to determine business needs and types of businesses in demand in Brooklyn Park. Denise Butler from ACER, Jackson George from LIBA, Michael Reine LIBA board member, Sarah Abe, Nyoka Sewell, Breanne Rothstein, and Jeff LaFavre attended the meeting. Based on learnings from recent small business engagement efforts, the group identified that the top businesses in demand in Brooklyn Park are:

- Health and beauty

- Professional services
- Shipping, specifically importing and exporting food
- Daycares for adults and child
- In home health care

Scoping meeting two:

Scoping meeting two was held on July 21. The purpose of the meeting was to determine needs of the physical space. Bob Barth from WSB and Associates, Jeff Alexander formerly of Neighborhood Development Center (NDC) and former Director of Midtown Global Market, Jeff LaFavre, Daniela Lorenz, Breanne Rothstein, Nyoka Sewell, and Sarah Abe were in attendance. In this meeting it was discussed that the space would need to be flexible to accommodate several types of businesses. The group also discussed at length how to accommodate potential small scale distribution of food and goods in the space while still being compatible with the other uses. It was determined that adult and child day cares might not be appropriate fits in the building unless the space was being used primarily to take meetings with clients or staff.

Scoping meeting three was held on August 18. The purpose of the meeting was to determine the type of technical assistance and potential models for providing that assistance. Bob Barth from WSB and Associates, Jeff Alexander formerly of Neighborhood Development Center (NDC) and former Director of Midtown Global Market, Jeff LaFavre, Daniela Lorenz, Christy Morrell-Stinson and Beth Reigger of the Brooklyn MIX collective, Nyoka Sewell, and Sarah Abe were in attendance. In this meeting attendees discussed potential technical assistance programs including ways to encourage tenants of the space to work with each other to provide services. Staff will begin having conversations with potential technical assistance providers to determine their interest programming the space once it is developed.

Small business focus groups

Staff also conducted two small business focus groups to begin engaging businesses about their space needs and interest in locating in a future small business center space. Seven businesses participated in the sessions done over Zoom and the top space needs were:

- Good location
- Affordable space
- Favorable leases with eventual ownership, if possible

All the businesses that participated indicated interest in potentially locating in the space.

Next steps

Procurement

Through the scoping meetings, staff has determined that professionals with expertise in owner's representation, tenant representation, architecture, and contracting are needed to advance the project. Procurement of two of these four services are planned to proceed as follows:

- The owner's representative will serve as an extension of City staff and help manage the request for proposal (RFP) and bidding processes for both the contractor and architect. The EDA currently has an ongoing contract with WSB and Associates, a consulting firm with expertise in the owner's representation and building development space. As a sub-project under this existing master agreement, WSB will serve as the owner's rep on this project as a way to augment staff's time.
- The tenant rep will be procured through a request of quotes (RFQ) process. A tenant rep will help to negotiate the eventual lease for the space including the possibility of the owner paying for space improvements. Both the contractor and the architect will be procured through an RFP process managed by WSB as the City's owner's rep.

Steering committee

Staff is currently accepting applications from community members interested in serving on the Small Business Center Steering Committee. The steering committee will be made up of six to seven people including three EDA members (Mayor Lunde, Council Member Jacobson, and Council Member Pha volunteered to participate), that will weigh in on key points in the process

including: space design and programming, procurement processes and requirements, and location options.

Cirtec Minnesota Investment Fund Award

On August 7, the State of Minnesota officially awarded Brooklyn Park an \$800,000 Minnesota Investment Fund (MIF) award to be used to aid Cirtec Medical with its expansion in the City. The MIF program is meant to provide funds to businesses moving to or expanding in Minnesota in an effort to maintain or create high paying jobs. After two years, Cirtec will be eligible to have its loan fully forgiven if it meets all stated jobs creation and wage related goals. Cirtec, currently headquartered at 9200 Xylon Ave N is planning an 85,000 square foot expansion into a building located at 9315 Winnetka Ave N, near Design Ready Controls. The expansion will allow the company to create 200 new jobs as it builds out its new neuromodulation implant center of excellence.

Engagement with Partners for Equity Outcomes

Staff met with Bob Issacson, Director of the Office of Business Financing for the State of Minnesota's Department of Employment and Economic Development (DEED) to provide feedback on the State's funding programs. DEED's Office of Business Finance works with the Minnesota Investment Fund (MIF) and Job Creation Fund (JCF) programs. Currently, the programs are focused on creating and retaining high paying jobs in the region but are not focused on incentivizing local hiring. Staff recommended DEED make changes to the program's criteria including offering greater incentives for local hiring, working with companies to train existing employees, and providing additional resources to help managers to understand how to provide an equitable and inclusive work space.

In order for the region to become eligible for accessing federal economic development financial resources, regional partners developed a Regional Economic Framework, a draft of which was disseminated to city partners early this month. Brooklyn Park submitted comments on the draft, which included the request for more information on workforce development, employer side strategies, and the measurement of equity outcomes such as homeownership rates and income improvement.

Staff met with the new Executive Director of the Metropolitan Consortium of Community Developers (MCCD) to discuss opportunities for continued partnership. MCCD currently underwrites one of the Brooklyn Park Development Corporation (BPDC) loans. The loan as recently updated to better cater to small businesses. Changes include lowering the interest rate and less reliance on credit score to determine loan worthiness. MCCD has a mission to provide positive community development in the region which includes lending to underserved populations and new entrepreneurs. Staff discussed potential changes and pilot programs that MCCD could undertake in partnership with the City that would increase equitable outcomes among entrepreneurs and business owners of color.

BLRT

The Blue Line Extension Corridor Management Committee (CMC) met on Thursday, August 13th to discuss new direction from the Metropolitan Council on the alignment of the LRT extension. Key topics of discussion were whether to continue to pursue negotiations with BNSF Railroad on the current alignment and how the Metropolitan Council and Hennepin County can engage the cities along the light rail extension for future decision-making. The agenda, video and notes from the meeting can be found at

<https://metro council.org/Transportation/Projects/Light-Rail-Projects/METRO-Blue-Line-Extension/Committees/Corridor-Management-Committee.aspx>

OTHER

Plaza Park Celebration

There will be a Plaza Park Celebration held on Friday, August 21 at 9:30 a.m. at the plaza located at the intersection of West Broadway Avenue and 85th Avenue North. Mayor Lunde, Hennepin County Commissioner Opat and President Garcia of North Hennepin Community College (NHCC) as well as several artists will give brief addresses. The Plaza Park is a partnership between NHCC, Hennepin County and the City and artist installations are funded in part by the McKnight Foundation-funded Cultivate Bottineau Program. The site includes a nature-based play area, a Bench Canoe, an interactive Robot Park and a mural. It is the future site of a stop of the METRO Blue Line Light Rail Transit Extension and the proposed Center for Innovation and the Arts.

MEMORANDUM

DATE: August 20, 2020

TO: EDA Commissioners

FROM: Erika Byrd, Development Project Coordinator

CC: Kim Berggren, EDA Executive Director
Breanne Rothstein, Economic Development and Housing Director

SUBJECT: Housing Update

This memo provides an update to the Economic Development Authority (EDA) on housing-related items. In addition to updating the EDA, this memo serves to keep interested stakeholders informed of this work.

NEW HOUSING DEVELOPMENT PROJECTS

Pulte Group Detached Villa Housing Proposal (7475 Brooklyn Blvd)

At its July 20 meeting, the EDA approved a Term Sheet for the sale of a portion of the EDA-owned vacant land at 7475 Brooklyn Boulevard. Pulte Group is proposing to build 41-home association-maintained detached homes aimed at seniors. The EDA would retain control of 2.75 acres along Brooklyn Boulevard for future commercial development. The next step in the development process is environmental assessment, which Pulte Group has underway. The developer plans to submit a planning application and engage in community outreach work this autumn.

APARTMENT RE-HABILITATION PROJECTS

Autumn Ridge Apartments Rehabilitation

The installation of a key fob and security camera system at Autumn Ridge Apartments is now complete. In 2016, the EDA contributed a loan of \$1.2 million to assist Sherman Associates in the re-investment and rehabilitation of the property while maintaining long-term affordability. Last year, the EDA approved an extension of the loan for Sherman Associates to complete additional rehabilitation upgrades that include the installation of the key fob system, security cameras and exterior lighting. Autumn Ridge is presently seeking a contractor to install exterior lighting around the property.

Huntington Place Rehabilitation

Aeon, a Twin Cities-based nonprofit developer and manager of affordable apartment homes, purchased Huntington Place Apartments on January 30, 2020. The EDA approved a development agreement between Aeon and the EDA for the acquisition and re-habilitation of Huntington Place Apartments in January 2020. Aeon will maintain affordable rents for the long-term. The EDA is contributing a \$5 million loan to fund physical reinvestments into the apartment community with a focus on improving safety and security. Aeon has not yet drawn on the EDA loan funds.

Aeon recently hired a project manager to lead the design and construction at Huntington Place and related efforts. Aeon has begun to make camera upgrade improvements. EDA staff is coordinating with Aeon on improvement plans and working to ensure the project remains in

compliance with the EDA's requirements. Because of the COVID-19 pandemic as well as learnings from managing the facility and community since January, Aeon is proposing some adjustments to its investment strategy and timeline.

HOUSING NEWS AND UPDATES

Eviction Moratorium

On July 14 Governor Walz issued Executive Order 20-79 regarding evictions during the COVID-19 pandemic. This order rescinds and updates previous orders to allow evictions to be filed in certain circumstances, such as violating a lease by endangering safety of others or significantly damaging property, engaging in certain illegal activities, as well as if the homeowner or family member must move into the premises. Eviction for non-payment of rent remains suspended. Order 20-7 went into effect August 4th and will remain in effect until Minnesota's peacetime emergency ends.

COVID-19 Emergency Rental Assistance

Hennepin County is providing emergency rental assistance funding for low-income residents throughout Hennepin County who have been financially harmed by the COVID-19 pandemic. Application and program information is available at www.hennepin.us/rent-help. In addition to this County-wide program, the Brooklyn Center based nonprofit organization Community Emergency Assistance Programs (CEAP) has CARES Act funds to provide COVID-19 related rental assistance in the northwest suburbs. Hennepin County and CEAP are now using the same application, hosted on the Hennepin County website.

In July, EDA staff conducted a rental assistance program survey among multifamily apartments in the community to get a sense of the rent payment and the effectiveness of the COVID-19 rental assistance programs. The City publicized rental assistance resource information through social media, and emails and calls to property managers and local colleges.

In August, EDA staff worked with City staff from the Community Engagement division to create a post card to promote the rental assistance program more widely. This postcard was mailed to all rental households in Brooklyn Park, which is approximately 8,400 households. EDA and City staff also met with representatives from CEAP, Hennepin County, ACER, Housing Justice Center, and HOME Line on August 10 to discuss rental assistance efforts and issues and to improve coordination of services in Brooklyn Park. Staff also began holding technical assistance events at Brooklyn Park apartment communities to help residents fill out applications for rental assistance. The City hosted the first technical assistance event at Autumn Ridge Apartments on August 14. Approximately 15 residents showed up and meet with staff. The City has upcoming assistance events at the Willows Apartments and Eden Park.

OVERVIEW OF RECENT EDA HOUSING POLICY, PROGRAMS, AND PROJECTS

Items completed or underway:

- Mixed-Income Housing Policy (2017)
- Apartment Action Plan 2.0 (2018 - current)
- Autumn Ridge Apartments Rehabilitation Project (2018-current)
- Transitional Housing Facility Rehabilitation (2018-current)
- Homeowner Programs (April 2019 - current)
 - Senior Deferred Loan Program established
 - Down Payment Assistance Program established
 - Code Correction Loan Program established
 - Revolving Loan Program updated
- Fair Housing Policy (May 2019)

- Naturally Occurring Affordable Housing (NOAH) Preservation Program (July 2019)
- Brooks Landing and Brook Gardens Rehabilitation Project (September 2019 – current)
- Tenant Notification Ordinance (October 2019)
- Huntington Place Apartments purchase by Aeon, including physical improvements (January 2020 - current)
- Rental Rehabilitation Loan Program (for 1-16 unit rental properties. Details available at <https://www.mncee.org/services/financing/brooklynpark/-1/>) (April 2020)
- Community Environmental Sustainability Program (approved, currently being established)
- Brooklyn Park Housing Research Project by CURA at UMN (on hold)
- EDA-owned former Park and Ride site at 4201 95th Ave N (planning through Corridor Development Initiative partially complete and on hold)

Items under consideration:

- 6900 85th Ave N (North Hennepin Community College site)– Duffy Development proposes mixed income apartments and small commercial space (EDA issued request for qualification in March, Duffy selected as developer at May 18 EDA meeting, next step is planning and engagement)
- 7849 West Broadway – Dominionium affordable senior apartments (EDA work session April 20, June 8 City Council approval of preliminary conduit bond issuance)
- 9450 Decatur Drive North – Bethesda Lutheran Communities mixed income apartment units for seniors and people with intellectual and developmental disabilities (EDA work sessions April 19 & May 18; EDA consideration of financing June 15)
- 7621 Brooklyn Blvd (EDA-owned “Welcome Site”) – George North Group mixed income apartment and commercial space (EDA work session April 20, EDA approval of preliminary term sheet June 15)
- 7475 Brooklyn Blvd (EDA-owned “Regent Site”) – Pulte Group proposes detached townhomes (EDA term sheet approval July 20)

City of Brooklyn Park EDA WORK SESSION

Agenda Item No:	8.1	Meeting Date:	August 24, 2020
Agenda Section:	Work Session	Prepared By:	Sarah Abe, Project Facilitator
No. of Attachments	N/A	Presented By:	Kim Berggren, Community Development Director and Breanne Rothstein, Economic Development and Housing Director
Item:	2021 Strategic Investments Discussion		

Overview:

As EDA staff is developing a draft 2021 budget, a number of strategic opportunities and discussions have arisen in discussions with the community and with the EDA commissioners for policies, programs, and initiatives. The purpose of this discussion is to get general direction from the EDA on a number of these initiatives with budget impacts before staff presents the 2021 budget.

Background:

Over the past 20 years, the EDA has developed fund balances in the EDA general fund, housing set aside fund, and TIF #3 for the purpose of making long-term, strategic economic development investments within the community. The EDA has leveraged these funds to make large investments in the community including the following efforts:

- purchase of land for re-development and future development
- significant investments in the apartment community housing stock
- business subsidy programs
- partnerships with homeowners for investment in the single-family housing stock
- investment in the future of the workforce in Brooklyn Park and Brooklyn Center through BrookLynk
- construction of the youth shelter
- significant investments in infrastructure to facilitate jobs and housing development
- funding of special initiatives, planning, and programs to improve quality of life

Primary Issues/Alternatives to Consider:

- **Marketing Assistance Program for Small Business - \$10,000**

Brooklyn Park businesses often cite marketing and advertising as a key business need. Good marketing planning and advertising materials are keys to success for businesses, yet small businesses consistently struggle to access the training and professional marketing services necessary to promote their business. Simultaneously, local colleges and universities are training students for careers in business or marketing services and often seek local partnerships to connect with the community and provide students with real world experiences. North Hennepin Community College (NHCC) currently has a successful program that connects local businesses with students from its Advanced Design course, pairing student resources with local business needs.

Staff sees an economic development and workforce development opportunity to expand NHCC's program to connect business students with small business to provide direct marketing support. EDA funds could be used to launch a pilot program that provides stipends to students to complete marketing plans and deploy marketing strategies for our small business community.

This pilot has several benefits:

- 1) It builds real life skills for students and their resumes;

- 2) It leverages students' skills and capacity to provide an identified business need for our small business community to provide accessible and affordable marketing support;
- 3) This is the first phase of a long-term initiative to create a marketing and design internship program that will eventually be run and maintained by NHCC, who is a willing and engaged partner to develop a program providing marketing support to small businesses in Brooklyn Park;
- 4) It builds community, inspires entrepreneurship in students, and enhances network and connections for both students and businesses.

- **Chamber partnership - \$20,000**

Since the North Hennepin Area Chamber of Commerce closed in 2018, there has been a decline in Chamber participation among Brooklyn Park businesses. The City is currently a member of the Twin West Chamber of Commerce, which will soon merge with the Minneapolis Regional Chamber, but small businesses often point out the difficulty of getting involved in an organization that serves so many larger businesses. Traditionally, Chambers of Commerce offer numerous services to support local businesses such as networking, marketing, sponsorships and community involvement.

One of these services is assistance convening a business council group from a specific community to discuss business issues in a specific community. TwinWest Chamber of Commerce offers business council support and currently has relationships to run business councils with Golden Valley and Saint Louis Park. There are other chambers in the northwest area that also provide this service to members, including I-94 West Chamber of Commerce, Twin Cities North Chamber of Commerce, MetroNorth Chamber of Commerce and various others.

This proposed 2021 funding will establish a partnership with a chamber to serve City of Brooklyn Park businesses by establishing a business council. The partnership could also support the current Brooklyn Park Business Forward Advisory Board and provide important resources and voice to support the long-term success of local businesses. Staff would develop a proposal for selecting a chamber to partner with on a Brooklyn Park specific business council. The details of how the council runs as well as the partnership would be further discussed if the EDA would like to pursue this work, but it is anticipated that financial capacity will be needed to launch a business council.

- **Business Façade Fix-Up Loan Fund**

Finding financing for small physical improvement projects can be difficult for small businesses. This proposed program would provide small, low interest loans to business owners to make physical improvements to the exteriors of their place of business. Similar to the city's code correction loan program for homeowners, this proposed loan program will also be a resource to support businesses that need to make their properties code compliant. However, business owners would not necessarily need to be out of compliance to access these funds. This program has the added benefit of fixing up business fronts to improve the exterior of commercial building spaces, both making the city more attractive and improving storefronts that would benefit business owners' visibility and attract more clients. Small businesses have expressed the need for funds to make small corrections to their storefronts. If this idea advances, staff would propose running the program guidelines and loans through the BPDC.

- **Community wealth building action planning – up to \$40,000**

In 2019 the Metropolitan Council contracted with BakerTilly on an innovative financing project that explored new financial strategies to support low-income communities along the proposed METRO Blue Line Light Rail Transit (LRT) Extension corridor. Also, the EDA staff has been working with Nexus Community Partners to discuss ways businesses in Brooklyn Park can contribute to wealth building through owner worker models of business succession planning. These mechanisms, among others, supplement an emerging and fast-growing economic development model to strengthen communities called community wealth building. Investment approaches and economic institutions such as cooperatives, worker-owned firms, nonprofit neighborhood corporations, homeownership programs, community-based financial institutions and land trusts are examples of emerging models for responding to neighborhood disinvestment and building neighborhood and individual wealth. These models utilize local talent, facilities, capital and finances to develop locally or community-owned

businesses that are tied to the local economy and support both residents and long-term economic growth. Furthermore, these efforts are in direct response to the BP2025 goals of equity and building economic prosperity.

As an example, Ramsey County in partnership with the Center for Economic Inclusion, Fourth Economy, MZ Strategies, and NEOO Partners, Inc., has launched the **Ramsey County Competitiveness & Inclusion Strategy** project. The project is developing a plan that outlines economic and community objectives to implement over the next decade. The plan's recommendations are being shaped through a lens of equity and inclusion, and informed by deep community engagement.

Staff proposes \$40,000 in the 2021 EDA budget to hire a consultant or group of consultants to develop an action plan for inclusive economic growth models that support all residents, business succession planning to promote long-term business ownership, mortgage programs that serve nontraditional borrowers, and program evaluations to assess the impact of current programs on low-income communities. This project would include data collection and analysis and recommended actions to build community wealth and economic growth in the city.

- **Internet access gaps analysis - up to \$40,000**

Since the COVID-19 pandemic has forced school and business closures and shifted workplaces to adapt to operating remotely, Brooklyn Park residents have needed access to a reliable internet connection to complete basic functions. CARES Act funding has been allocated for short-term public internet support projects as an emergency response to fill the immediate need. In conversations with the EDA on internet support strategies, commissioners have requested a more thorough analysis of internet service in Brooklyn Park. This proposed budget item will go toward funding a citywide analysis of Internet service, identifying the gaps and providing recommendations and a cost analysis for filling those gaps. This is also the beginning of a long-term economic development strategy to build the technological infrastructure of the city and support residents in meeting their daily needs as well as to participate in remote work opportunities.

- **Wayfinding plan and implementation - \$75,000**

A wayfinding plan is a linked suite of signs that provides information on location and directional information on a wide variety of community amenities such as trails to commercial nodes and key community destinations. Wayfinding includes kiosks at key locations and directional signage with maps as well as existing small branded city signs, gateway monument signs, and park and city facility identification signage. Wayfinding highlights community assets and makes it easier for residents and visitors to access the community amenities that give the city its unique brand and character. Citywide wayfinding in Brooklyn Park has been identified as a priority project as part of the 2018 Park Master Plan and is supported by the 2018 Park Board Referendum, both of which utilized community input to establish city priorities. Additionally, the city's branding initiative combined with the city's strategic vision to leverage light rail transit (LRT) investment call for the development of a comprehensive citywide wayfinding system.

Staff has secured a wayfinding consultant who provided an estimate for their services lower than what was proposed in the 2020 budget. The consultant is currently on hold to the end of the year due to general fund budgetary concerns and a re-tooling of the park bond referendum. Staff proposes an allocation of \$75,000 in the EDA budget to utilize the fund balance that has been built for community investments to support continued wayfinding and implementation efforts in 2021.

- **Pre-development for shelter expansion on EDA owned land – up to \$100,000**

Avenues for Youth provides temporary housing for youth between the ages of 16 and 21 experiencing short- and long-term homelessness. Avenues has 12 beds for youth completing high school or fine-tuning job search skills as well as emergency services for homeless youth. Youth in the program can remain for up to one year with the average length of stay being 36 days. In 2019, Avenues for Youth provided emergency services for 54 youth and ultimately supported 82 youth to move into stable housing.

Demand for these services in the region remains high. According to the 2018 Wilder report on homelessness, 19,600 people experienced homelessness on any given night in Minnesota during 2018, and 50,600 people experienced homelessness over the course of the year. Young people (children under age 18 with their parents and youth age 24 and younger on their own) continue to make up almost half of Minnesota's homeless population. Staff from Avenues for Youth have also expressed the need for more space. Additionally, there has been interest expressed by Phumulani Minnesota African Women Against Violence to develop a domestic abuse shelter within the community. The EDA owns land in the city near the existing Avenues shelter that could be explored for these uses. This proposal will fund the pre-development phase to expand shelter services on this property. EDA funding for this program could potentially be matched with Pre-Development program dollars from the Metropolitan Council or Hennepin County.

The full 2018 Wilder report can be found at

https://www.wilder.org/sites/default/files/imports/2018_HomelessnessInMinnesota_3-20.pdf

- **Transitional Housing purchase (4-plex) - \$550,000**

In 1996, the City of Brooklyn Park invested in its first short-term transitional housing program working with homeless families to help them move towards long-term housing stability. Simpson Housing provides on-site professional supportive services for families that include intensive case management, subsidized rental housing through the Hennepin County HOME program, and individualized services that focus on life skills, positive parenting, education, and employment. The current program operates out of a 4-plex and provides mental health counseling, job training and job search services with the ultimate goal of supporting four families to gain skills to move to independent living. Participants in the program stay for up to 24 months before exiting into stable housing. These services are consistently utilized and in demand – recently, a nonprofit organization began conversations with City staff to support building a new shelter for victims of domestic violence, emphasizing the need for shelters and housing opportunities in the northwest suburbs.

Program participants are placed via coordination with Hennepin County's Coordinated Entry system which maintains a list of those families and individuals experiencing long-term homelessness. This proposal would fund the purchase of an additional 4-plex in Brooklyn Park to provide similar services in the community. The Hennepin County HOME program could fund the operations and rental costs for the families and other dollars could also be leveraged on a regional level to provide this for the community.