

Monday, December 18, 2023
6:00 p.m.

REGULAR EDA MEETING – AGENDA #13

President Hollies Winston, Vice President Nichole Klonowski, Treasurer Boyd Morson,
Commissioners Christian Eriksen, Xp Lee, and Maria Tran,
Executive Director Kim Berggren, Assistant Executive Director Jay Stroebel, and Secretary Seng Moua.

If you need these materials in an alternative format or reasonable accommodations for an EDA meeting, please provide a 72-hours' notice to Seng Moua by calling 763-493-8059 or emailing Seng.Moua@brooklynpark.org.

Si usted necesita esta información en español, llame al 763-424-8000 y solicite un intérprete.

Yog xav tau kev pab, hu 763-493-8059.

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

Our Brooklyn Park 2025 Goals:

• A united and welcoming community, strengthened by our diversity • Beautiful spaces and quality infrastructure make Brooklyn Park a unique destination • A balanced economic environment that empowers businesses and people to thrive • People of all ages have what they need to feel healthy and safe • Partnerships that increase racial and economic equity empower residents and neighborhoods to prosper • Effective and engaging government recognized as a leader

I. ORGANIZATIONAL BUSINESS

1. CALL TO ORDER/ROLL CALL

2. APPROVAL OF AGENDA

II. PUBLIC INVOLVEMENT

3. PUBLIC COMMENT AND RESPONSE

Provides an opportunity for the public to address the EDA on items which are not on the agenda. Public Comment will be limited to 15 minutes (*if no one is in attendance for Public Comment, 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 members of the public. Questions from the EDA will be for clarification only. Public Comment will not be used as a time for problem-solving or reacting to the comments made but, rather, for hearing from members of the public for informational purposes only.

3A. RESPONSE TO PRIOR PUBLIC COMMENT

3B. PUBLIC COMMENT

3C. PUBLIC PRESENTATIONS

3D. PUBLIC ANNOUNCEMENTS

III. STATUTORY BUSINESS AND/OR POLICY IMPLEMENTATION

4. CONSENT

- 4.1** Consider Approving Corrections to the Housing Improvement Area Fee Resolution for Stonybrook Property Owner's Association Inc.
- A.** RESOLUTION CORRECTED
 - B.** RFEA 6.1 FROM 2022
 - C.** RESOLUTION 2022-29

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

6. GENERAL ACTION ITEMS

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

7. DISCUSSION ITEMS

- 7.1** Verbal Commissioner Reports and Announcements

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. Items requiring excessive time may be continued to another meeting.

City of Brooklyn Park Request for EDA Action

Agenda Item:	4.1	Meeting Date:	December 18, 2023
Agenda Section:	Consent	Prepared By:	John Kinara, Housing and Redevelopment Coordinator
Resolution:	N/A	Presented By:	Breanne Rothstein, Economic Development & Housing Director
No. of Attachments:	3		
Item:	Consider Approving a Date Correction to the Fee Resolution #2022-29 Establishing a Housing Improvement Area Fee for Stonybrook Property Owners' Association, Inc		

Executive Director's Proposed Action:

MOTION _____, SECOND _____, TO WAIVE THE READING AND ADOPT RESOLUTION #2023-_____, A DATE CORRECTION TO THE FEE RESOLUTION #2022-29, ESTABLISHING A HOUSING IMPROVEMENT AREA FEE FOR STONYBROOK PROPERTY OWNERS' ASSOCIATION INC.

Overview:

The purpose of today's meeting is to consider approving a minor date correction to the fee resolution # 2022 - 29 for Stonybrook Property Owners' Association Housing Improvement Area (HIA) that was adopted on October 17, 2022. The administrative error was discovered by Hennepin County while working through the certification process for Stonybrook HIA special assessments for the fiscal year 2024. Section 2.03 of the adopted resolution #2022-29 inadvertently states that the first installment payments for the special assessments will begin in the fiscal year 2023 instead of the fiscal year 2024.

Attachments:

- 4.1A RESOLUTION CORRECTED
- 4.1B RFEA 6.1 FROM 2022
- 41.C RESOLUTION 2022-29

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

RESOLUTION NO. #2023-_____

CORRECTING RESOLUTION APPROVING A HOUSING IMPROVEMENT FEE FOR
STONYBROOK PROPERTY OWNERS' ASSOCIATION HOUSING IMPROVEMENT AREA

WHEREAS, on October 17, 2022, the Brooklyn Park Economic Development Authority adopted Resolution 2022-29 (the "Resolution"), attached hereto, and incorporated herein, which approved a Housing Improvement Fee (the "Fee") for Stonybrook Property Owners Association Housing Improvement Area (the "HIA"); and

WHEREAS, prior to such resolution, and in compliance with Min. Stat. § 428A.14, the City provided notice of the Fee to all housing units in the HIA and included that "the first installment will be due and payable with taxes payable in 2024; and

WHEREAS, the Resolution, in paragraph 2.03, contradicted the notice and stated that "the first of the installments [would] be payable in 2023"; and

WHEREAS, to correct this error, the EDA wishes to amend paragraph 2.03 as follows:

2.03. If not prepaid in accordance with Section 2.02 hereof, the Housing Improvement Fee shall be payable in equal annual installments extending over a period of 15 years, the first of the installments to be payable in calendar year ~~2023~~ 2024, which annual payments shall be deemed to include interest on the unpaid Housing Improvement Fee at the rate of 4.00% accruing from December 31, 2022. The estimated annual fee imposed on each of the housing units is \$295.03.

Now, therefore, be it,

RESOLVED, that paragraph 2.03 of Resolution 2022-29 is amended as written above; and be it

FURTHER RESOLVED, that the remainder of Resolution 2022-29 remains unchanged and in full force and effect; and be it

FINALLY RESOLVED, that upon adoption of this Resolution, the City Clerk shall file a certified copy of this Resolution to the Hennepin County Director of Taxation to be recorded together with Resolution 2022-29 on the property tax lists of the County.

City of Brooklyn Park

Request for EDA Action

Agenda Item:	6.1	Meeting Date:	October 17, 2022
Agenda Section:	General Action Items	Prepared By:	John Kinara, Housing and Redevelopment Coordinator
Resolution:	X	Presented By:	Breanne Rothstein, Economic Development & Housing Director
Attachments:	7		
Item:	Consider Approving a Housing Improvement Fee for Stonybrook Property Owners Association Housing Improvement Area		

Executive Director's Proposed Action:

MOTION _____, SECOND _____, TO WAIVE THE READING AND ADOPT RESOLUTION #2022-_____ APPROVING A HOUSING IMPROVEMENT FEE FOR STONYBROOK PROPERTY OWNERS ASSOCIATION HOUSING IMPROVEMENT AREA.

Overview:

The purpose of this item is to consider the adoption of the fee resolution for Stonybrook Property Owners' Association Housing Improvement Area (HIA). On September 26, 2022, the City Council held a public hearing on the fee resolution and the first reading of an ordinance to establish a Housing Improvement Area for Stonybrook Property Owners' Association. In the Ordinance, the City Council designated the Brooklyn Park Economic Development Authority (EDA) as the Implementing Entity for Stonybrook Housing Improvement Area. During the Council meeting, staff provided a detailed description of the proposed improvements and the maximum fee that could be assessed to each property. The purpose of the meeting was to disclose the proposed fee and improvements to the homeowners and hold a public hearing. The city sent out a certified mailing to all homeowners notifying them of the public hearing as well as the process for the establishment of the HIA.

On October 10, the City Council adopted the second reading of the ordinance establishing the Stonybrook Property Owners' Association Housing Improvement Area. The Housing Improvement Area allows the City to impose a Fee on the units within the Association to collect assessments to pay for the improvements. As the final steps to move forward with the project, the EDA must adopt the Fee Resolution tonight that establishes the maximum Fee and thereafter approve the Development Agreement at a future EDA meeting.

The Housing Improvement Act under Minnesota Statute Section 428A.11 to 428A.21 (the "HIA Act") was enacted to allow cities to establish "Housing Improvement Areas" (HIAs) to assist common interest communities, such as townhome associations, with a mechanism for financing housing improvements. The Statute allows the City to establish an HIA within which housing improvements are made and the costs of the improvements are paid in whole or in part from fees imposed and then assessed against the units within the area. In September 2010, the City Council adopted the Housing Improvement Area Policy to provide guidance in the processing and reviewing of applicants requesting HIA Financing. Prior to HIA legislation, the city had special legislation to allow for a similar mechanism of financing improvements for homeowners' associations. Since inception of the program, Brooklyn Park has assisted 14 neighborhoods complete private improvements.

The establishment of an HIA requires a four-step process that involves both the City Council, and the Brooklyn Park Economic Development Authority (EDA) as follows:

1. City Council holds a public hearing on both the ordinance and fee resolution regarding the HIA. (This was done at the City Council meeting on September 26).
2. City Council adopts an Enabling Ordinance which enables the creation of an HIA (This action was completed on October 10).

3. EDA considers a Fee Resolution on October 17 (tonight) enacting the ability to fund the project within an HIA using EDA funds. Tax assessments (the “fee”) to each property will allow for the repayment of the EDA funds. The adoption of the of the fee resolution is contingent on the approval of the HIA Ordinance after the second reading on October 10 and is subject to a 45-day veto period.
4. EDA considers the development agreement with the HIA on December 19.

Per State Statute and City policy, to proceed with establishing an HIA, the owners of at least 50% of the housing units within the proposed HIA must file a petition with the City Clerk requesting a public hearing regarding the imposition of a housing improvement fee for the HIA. The petition process removes the City from the responsibility of determining if the improvements are desired by a majority of the owners.

Background:

Stonybrook Townhomes, located at 30084-69484 84th Court North in Brooklyn Park, were built in 1970s and consist of 352 individually owned townhome units. The townhome association is managed by ACT Management Inc. The roofs were all replaced in 2018 along with siding in the majority of the buildings. Between 2018 and 2021, the association rebuilt one pool house and refurbished another one. Additionally, the association replaced approximately 4,400 lineal feet of water mains.

The Stonybrook Property Owners Association is seeking financing in the amount of \$1,154,635 in an HIA loan for the replacement of all the existing roadways and driveways, mill and overlay, restriping, mailboxes replacement, landscaping as well as the installation of new exterior lighting within the HOA as per the current layout. In July 2022, Stonybrook Townhomes applied in accordance with the HIA policy to establish an HIA for their Association. Staff reviewed the application and supporting documentation in consultation with Ehlers financial advisors as well as the EDA's legal team. The submitted application had 193 accepted petitions, 15 rejected petitions, and 144 no responses indicating that about 55% of homeowners support the creation of the HIA. During a 45-day veto period required by the HIA Act, owners may file an objection with the City Clerk before the effective date of the HIA Ordinance and Resolution. If 45 percent or more of the owners' object, the Ordinance or Fee Resolution will not be adopted. If the HIA Ordinance and Fee Resolution are approved, there will be an EDA meeting on December 19, 2022, to consider the approval of the development agreement.

Primary Issues to Consider:

- **What are the proposed property improvements?**

The project will consist of common area improvements including without limitation the removal of existing asphalt, grading, and paving of private association roads and driveways, mill and overlay, re-striping, landscaping, and exterior lighting installation, all within the HIA as per the current layout. The ACT Management submitted two bids that were competitively obtained for this work.

- **What is the rationale for supporting the HIA application?**

The HIA loan program is designed to ensure stable neighborhoods through revitalization and upgrading of the existing housing stock in the community. The program also helps to stabilize and improve the livability of neighborhoods. Additionally, investing in the city's existing housing stock helps to increase and prevent the loss of the tax base while enhancing safety and livability conditions in the community.

- **What are the terms of the loan and the proposed source of financing?**

A 4% interest rate is proposed for a loan term of 15 years. The rate was set at the current rate the city established for special assessment projects. The source of funding for the project is the EDA funds set aside for housing programs which will need to be transferred into the HIA fund by a future EDA action to fund the loan.

- **How is the loan secured?**

The HIA legislation allows the Economic Development Authority (EDA) as the Implementing Entity to impose the fees in the form of a special assessment to each housing unit. The total assessment for each owner has been estimated at \$3,280.21 based upon the estimated cost of the proposed improvements. A notice has been sent to each owner notifying them of the proposed Housing Improvement Area and the estimated fee.

- **What is the project budget?**

The total development cost for the improvements is \$1,154,635 based upon the redevelopment costs and other soft fees associated with the project. The application fee to the EDA of \$3,000 has been paid and will not be included in the loan. The total costs are allocated equally to each unit. The estimated Total Fee to be imposed on each housing unit in the HIA is approximately \$3,280.21 inclusive of interest and fees.

Table 1:

Stonybrook Housing Improvement Area

Sources and Uses of Loan Funds – 15 Year Term	
SOURCES OF FUNDS	
EDA Loan Funds	\$1,154,635
Prepaid Assessments	
Association Funds	
TOTAL	\$1,154,635
USES OF FUNDS	
Common Costs	\$1,129,635
Total Project Costs	\$1,129,635
Soft Costs	\$25,000
Total Soft and Loan Costs	\$25,000
TOTAL	\$1,154,635
Loan Terms	
Term (years)	15
Average Coupon	4.00%
Average Annual Debt Service	\$103,849.14
Required Coverage (100%)	\$103,849.14
Annual Dues Paid	\$103,849.14
Breakdown of Soft Costs	
EDA Administration Fees (estimate)	\$12,000
City Legal Fees (estimate)	\$9,000
City Financial Advisor Fees (estimate)	\$4,000
TOTAL	\$25,000

- **What concerns were raised by homeowners during the public hearing?**

During the public hearing on September 26, some homeowners raised issues pertaining to the maintenance conditions of the Association. These concerns will be addressed through the planned improvements.

Next Steps:

The process for the establishment and deployment of an HIA is as follows:

- 1) September 26 City Council meeting – public hearing on the establishment of the HIA (first reading of the ordinance and fee resolution).
- 2) October 10 Council meeting – Second Reading and Adoption of the proposed Ordinance (contingent on expiration of 45-day veto period).

- 3) October 17 EDA meeting – (Tonight) EDA considers Fee Resolution Fee may not exceed amount in the published and mailed notice (contingent on expiration of 45-day veto period).
- 4) December 19 EDA meeting – EDA considers Development Agreement with Association (contingent on expiration of 45-day veto period).

Recommendation:

The Executive Director of the EDA recommends approval.

Attachments:

- 6.1A RESOLUTION
- 6.1B ORDINANCE
- 6.1C LOCATION MAP
- 6.1D STONYBROOK ASSOCIATION APPLICATION
- 6.1E PROJECT PROPOSAL
- 6.1F HIA POLICY
- 6.1G RESPONSIBILITY SUMMARY

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

RESOLUTION #2022-29

RESOLUTION TO APPROVE A HOUSING IMPROVEMENT FEE FOR STONYBROOK
PROPERTY OWNERS ASSOCIATION HOUSING IMPROVEMENT AREA

Section 1. Recitals.

1.01. The City of Brooklyn Park, Minnesota ("City") is authorized under Minnesota Statutes, Section 428A.11 to 428A.21, as amended (the "Housing Improvement Act"), to establish by ordinance a housing improvement area within which housing improvements are made or constructed and the costs of such improvements are paid in whole or in part from fees imposed within the area.

1.02. By ordinance adopted by the City Council of the City (the "City Council") on October 10, 2022 (the "Enabling Ordinance"), the City Council established the Stonybrook Property Owners Association Housing Improvement Area (the "Stonybrook HIA") in order to facilitate certain improvements to property known as the "Stonybrook," and designated the Brooklyn Park Economic Development Authority (the "EDA") as the implementing entity, all in accordance with the Housing Improvement Act.

1.03. Owners of approximately 55% of the housing units within the Stonybrook HIA (which exceeds the requirement for owners of at least 50% of the housing units pursuant to Section 428A.12 of the Housing Improvement Act) have filed a petition with the City Clerk requesting a public hearing regarding imposition of a housing improvement fee for the Stonybrook HIA.

1.04. On September 26, 2022, the City Council conducted a public hearing, duly noticed in accordance with the Housing Improvement Act, regarding adoption of this resolution (the "Resolution") and the Enabling Ordinance at which all persons, including owners of property within the Stonybrook HIA, were given an opportunity to be heard.

1.05. Prior to the date hereof, Stonybrook Property Owners Association Inc. (the "Association") has submitted to the EDA a financial plan prepared by an independent third party, acceptable to the EDA and the Association, that provides for the Association to finance maintenance and operation of the common elements in the Stonybrook HIA and a long-range plan to conduct and finance capital improvements therein, all in accordance with Section 428A.14 of the Housing Improvement Act.

1.06. For the purposes of this Resolution, the term "Housing Improvements" has the meaning provided in the Enabling Ordinance.

Section 2. Housing Improvement Fee Imposed.

2.01. The total estimated costs of the Housing Improvements are approximately \$1,154,635.00, all of which is proposed to be paid for by the fee imposed hereby. The EDA hereby imposes a fee on each housing unit within the Stonybrook HIA (the "Housing Improvement Fee") in the amount of \$3,280.21 (plus interest as provided in Section 2.03 hereof). The total costs of the Housing Improvements are allocated equally to each unit. The City Council specifically found in the Enabling Ordinance, and the Board of Commissioners of the EDA (the "Board") specifically finds,

that such allocation is more fair and reasonable than a fee based upon the tax capacity or square footage of each housing unit (i) because all of the Housing Improvements are to common areas as defined by the Declaration of Covenants, Conditions and Restrictions related to the Stonybrook Property Owners Association, dated April 12, 1973 (the "Declaration") and such Declaration provides for an equal allocation to each unit of the costs of capital improvements to common areas and (ii) because the nature of the Housing Improvements does not create a different benefit to different housing units on the basis of the tax capacity or square footage thereof.

2.02. The owner of any housing unit against which the Housing Improvement Fee is imposed may, at any time between December 1, 2022 (the effective date of this Resolution) and December 31, 2022, pay the total Housing Improvement Fee imposed against such housing unit to the City Finance Director, in full, without interest thereon. To prepay in full, the amount due shall be \$3,280.21. Any Housing Improvement Fee not prepaid by December 31, 2022, shall not thereafter be pre-payable except in full upon sale of such housing unit, but instead shall be paid only in accordance with Section 2.03 hereof.

2.03. If not prepaid in accordance with Section 2.02 hereof, the Housing Improvement Fee shall be payable in equal annual installments extending over a period of 15 years, the first of the installments to be payable in calendar year 2023, which annual payment shall be deemed to include interest on the unpaid Housing Improvement Fee at the rate of 4.00% accruing from December 31, 2022. The estimated annual fee imposed on each of the housing units is \$295.03.

2.04. The Housing Improvement Fee, unless prepaid in accordance with Section 2.02 hereof, shall be payable at the same time and in the same manner as provided for payment and collection of ad valorem taxes, as provided in Sections 428A.14 and 428A.15 of the Housing Improvement Act.

Section 3. Notice of Right to File Objections.

3.01. Within 5 days after the adoption of this Resolution, the City Clerk is authorized and directed to mail to the owner of each housing unit in the Stonybrook HIA (a) a summary of this Resolution; (b) notice that owners subject to the Housing Improvement Fee have a right to veto this Resolution if owners of at least 45% of the housing units within the Stonybrook HIA file an objection with the City Clerk before the effective date of this Resolution; and (c) notice that a copy of this Resolution is on file with the City Clerk for public inspection.

Section 4. Effective Date.

4.01. This Resolution shall be effective 45 days after adoption hereof, subject to (a) the veto rights of housing unit owners under Section 428A.18 of the Housing Improvement Act; and (b) execution in full of a development agreement between the EDA and the Association providing for construction of the Housing Improvements.

Section 5. Filing of Housing Improvement Fee.

5.01. After December 1, 2022, the effective date of this Resolution, the City Clerk shall file a certified copy of this Resolution to the Hennepin County Director of Taxation to be recorded on the property tax lists of the county.

The foregoing resolution was introduced by Commissioner West-Hafner and duly seconded by Commissioner Lee.

The following voted in favor of the resolution: Commissioners Parks, Pha, West-Hafner, Lee, Morson, and President Jacobson.

The following voted against: None.

The following abstained: Commissioner Russell.

The following were absent: None.

Whereupon the resolution was adopted.

ADOPTED: October 17, 2022


LISA JACOBSON
PRESIDENT


KIM BERGGREN
EXECUTIVE DIRECTOR

STATE OF MINNESOTA
COUNTY OF HENNEPIN
CITY OF BROOKLYN PARK

I, the undersigned, being the duly qualified Secretary of the Brooklyn Park Economic Development Authority, hereby certify that the above resolution is a true and correct copy of the resolution as adopted by the Brooklyn Park Economic Development Authority of the City of Brooklyn Park on October 18, 2022.

WITNESS my hand officially as Economic Development Authority Secretary this 18th day of October 2022.


JOSEPHINE THAO
EDA SECRETARY

(SEAL)

