

Crow Wing County HRA

AGENDA

5:00 p.m. Tuesday, August 20th, 2019

Crow Wing County Jinx Ferrari Room

(Located on 2nd floor of the Historic Courthouse, 326 Laurel Street, Brainerd, MN)

“Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County.”

AGENDA ITEMS

1. **CALL to ORDER**
2. **ROLL CALL**
3. **REVIEW and APPROVE MINUTES** (*Attachment 1*)
4. **REVIEW and ACCEPT FINANCIAL STATEMENTS** (*Attachment 2*)
5. **UNFINISHED BUSINESS**
 - a. Adopt 2020 CWC HRA Budget (*Attachment 3*)
6. **NEW BUSINESS**
 - a. Approve Certificate Revenue for the West Grove Townhomes (*Attachment 4*)
7. **REPORTS**
 - a. Executive Director (*Attachment 5*)
 - b. Brainerd HRA/Rehab Programs (*Attachment 6*)
 - c. BLAEDC
 - d. CWC
8. **MEETING AGENDA TOPICS**
9. **ADJOURNMENT**

2019 Officers and Commissioners

Chair – Craig Nathan/District 4 (12-31-20)

Vice Chair – Theresa Goble/District 1 (12-31-22)

Secretary – Sharon Magnan/District 3 (12-31-19)

Commissioner – Michael Morford /District 2 (12-31-23)

Commissioner – Michael Aulie/District 5 (12-31-21)



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Minutes from Tuesday, July 16th, 2019
Crow Wing County
Housing and Redevelopment Authority
Board Meeting

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at 5:00 p.m., Tuesday, July 16th, 2019.

1. **CALL TO ORDER:** Chair Craig Nathan called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Those present at the meeting include CWC HRA Board Chair Craig Nathan and Commissioners Sharon Magnan, Theresa Goble, Michael Morford, and Michael Aulie. Also present were HRA Executive Director Jennifer Bergman, Finance Director Karen Young, Rehab Coordinator John Schommer, Executive Assistant LeAnn Goltz; Debby Erickson and Tim Houle with Crow Wing County; CWC Commissioners Bill Brekken and Steve Barrows; Brainerd HRA Board Chair Marlee Larson; and Sheila Haverkamp, Tyler Glynn, and Mike Bjerkness with BLAEDC.
3. **PRESENTATION & DISCUSSION:**
 - a. **BLAEDC Informational Series:** Sheila Haverkamp, Tyler Glynn, and Mike Bjerkness provided an informational presentation on Brainerd Lakes Area Development Corporation and the programs offered. They also asked for continued financial support from the County and HRA.

Tim Houle asked the HRA Board to consider funding the County's contribution to BLAEDC by increasing the HRA's 2020 levy. The increase would enable the HRA to fund the County's portion to BLAEDC as well as provide other opportunities. Houle, along with CWC Commissioner Brekken, challenged the HRA Board to think about what they may be able to do to address the shortage of workforce and affordable housing in the county. The Crow Wing County Board authorizes the HRA's levy, which is currently set at \$98,500 with a levy capacity of \$1.8 million. The Board agreed to consider Houle's request by having further discussion at a later time.

4. **REVIEW AND APPROVE MINUTES:**

Commissioner Goble made a motion to approve the minutes from the June 11, 2019, board meeting. Commissioner Magnan seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

5. **REVIEW AND APPROVE FINANCIAL STATEMENTS:** Reflected in the June General Fund Financial Statements is the deposit of \$38,351.69 in Property Tax Revenue (levy). This amount is approximately 70% of the first half property tax settlement. The remaining 30% of \$17,161.44 was deposited in July for total deposits of \$55,513.13. The total levy amount for 2019 is \$98,500. The second half property tax settlement will be in December.

Commissioner Goble made a motion to accept the June financial statements as presented. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.



6. UNFINISHED BUSINESS:

- a. **Approval of Leverage Funds for the City of Emily:** In February of 2018, we applied for and received a SCDP grant from DEED for 10 units of owner-occupied rehabilitation in the City of Emily. As discussed in prior meetings, as part of the application we committed \$26,000 of Local Income that we received in 2017 to be used as leverage dollars for the project.

The City of Emily will be submitting a disbursement request soon as costs have been incurred to complete the environmental review, screen applications, conduct property inspections, and write the scope of work for them. DEED requires the City of Emily to spend leverage dollars prior to them disbursing funds from the grant proposal and we have two projects bidding currently and will need to pay contractors soon.

Commissioner Aulie moved to approve sending the City of Emily \$26,000 from Local Income as leverage funds for the SCDP rehabilitation grant. Commissioner Magnan seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

7. NEW BUSINESS:

- a. **Discussion on 2020 HRA Levy:** Bergman and Young met with County Commissioner Bill Brekken and County Administrator Tim Houle. During their meeting, they discussed the shortage of workforce and affordable housing. They suggested that the Crow Wing County HRA may want to consider an increase in the 2020 levy to address the shortage and challenged the HRA to think about what the CWC HRA may be able to do. They discussed the workforce housing study that is currently in progress that will be completed by end of the year.

Bergman provided information about housing trust funds and suggested the Board may want to consider this option. The Minnesota Legislature created and adopted a Housing Trust Fund for Local Housing Development, which allows a local unit of government to allocate levy dollars into a Housing Trust Fund that can only be used for: 1) administrative fees; 2) grants, loans and loan guarantees for the development, rehab and financing of housing; 3) match other funds from federal, state or private resources for housing projects; or, 4) provide down payment assistance, rental assistance and homebuyer counseling services.

The Minnesota Housing Partnership has been coordinating efforts with local units of government to secure \$10 million in appropriations from the Legislature to match local investments. They have not been successful in appropriations but their work did result in the new program. They will continue to request appropriations from the Legislature.

Erickson reported that of each tax payer in the county currently pays .098% of their property taxes to the CWC HRA, which is considerably less than communities like Pequot Lakes, Brainerd, and Crosby. The impact to each citizen of increasing a levy would be minimal.

The Board had a discussion about the importance of being proactive with solutions to the lack of workforce housing. They felt they needed additional information before any decision was made and decided that holding a special meeting before the next monthly meeting would be necessary. The Board requested that staff come up with a dollar amount and some form of recommendation. They asked Erickson to give new estimates of what an increase would mean for each taxpayer.



A special meeting was scheduled for Tuesday, August 6th at 5:00 p.m. Staff will prepare the requested information and bring it to the special meeting for the Board's consideration. It was also decided to move the regular meeting from August 13th to August 20th at 5:00 p.m.

8. REPORTS:

- a. **Executive Director:** Redevelopment Resources had a site visit on June 13th and 14th. The first task force meeting was held on June 13th and resulted in some great discussion on the workforce housing study. Redevelopment Resources asked questions and gathered input from the Task Force. On June 14th, Bergman, along with Redevelopment Resources' Kristen Fish-Peterson toured most of Crow Wing County starting with Brainerd then drove to Ironton, Crosby, Crosslake, Pequot Lakes, and Baxter. Redevelopment Resource is gathering data and has drafted a survey to send out. The next task force meeting is scheduled for July 18th at 2:00 p.m.

A couple years ago, CWC HRA staff had a discussion with the City of Pequot Lakes staff about a potential SCDP application. At the time, they were just completing the 371 bypass but asked if the CWC HRA would consider an application on their behalf in the future. Last fall, staff met with them again and they requested that the HRA consider a 2019 application. On July 2nd, Bergman and Schommer attended the Pequot Lakes City Council meeting to discuss the SCDP program and they made a motion to move forward with a preliminary proposal. The survey conducted by Community Fundraising Solutions ranked Pequot Lakes as #3 with Brainerd and Garrison being #1 and #2. Since this discussion started with Pequot Lakes prior to the study and they are positioned to move forward, staff suggested applying on behalf of Pequot Lakes in 2019 and begin working with Garrison for the next application. The Board was agreeable.

- b. **Brainerd HRA/Rehab Programs:** Schommer provided an update on the rehab programs.
- c. **BLAEDC:** Glynn thanked the CWC HRA board members and its staff for their support.
- d. **Crow Wing County:** Brekken shared that he is looking forward to Crow Wing County's future. Commissioner Barrows applauded the HRA for their work.

9. **NEXT MEETING:** Special meeting to discuss BLAEDC's funding and potential levy increase.

10. ADJOURNMENT:

Commissioner Aulie moved to adjourn the meeting, seconded by Commissioner Morford. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 6:47 p.m.



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Minutes from Tuesday, August 6th, 2019
Crow Wing County
Housing and Redevelopment Authority
Special Board Meeting

A special meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at 5:00 p.m., Tuesday, August 6th, 2019.

1. **CALL TO ORDER:** Chair Craig Nathan called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Those present at the meeting include Crow Wing County (CWC) HRA Board Chair Craig Nathan and Commissioners Sharon Magnan, Theresa Goble, Michael Aulie, and Michael Morford (via teleconference). Also present were CWC HRA Executive Director Jennifer Bergman, Finance Director Karen Young, Rehab Coordinator John Schommer, and Executive Assistant LeAnn Goltz; Debby Erickson with CWC; CWC Commissioner Bill Brekken; Chair Marlee Larson, Gabe Johnson, and Eric Charpentier with the Brainerd HRA Board; and Sheila Haverkamp and Tyler Glynn with BLAEDC.
3. **DISCUSSION on 2020 LEVY and HOUSING TRUST FUND:**

Background

Finance Director Karen Young and Executive Director Jennifer Bergman met with CWC Commissioner Bill Brekken and County Administrator Tim Houle to discuss BLAEDC's funding. During that meeting, Mr. Houle and Commissioner Brekken brought up the shortage of workforce and affordable housing and challenged the CWC HRA to think about ways and programs that could be created to address the issue. Mr. Houle and Commissioner Brekken suggested considering an increase to the CWC HRA's levy to create programs.

Young and Bergman informed them that the CWC HRA hired Redevelopment Resources in June to study the workforce housing needs in CWC and provide recommendations to address the shortage; however, this report would not be completed until the end of 2019. Although it is not known what the recommendations will be until the end of the year, the discussion was to be proactive and in the position to be able to implement recommendations in 2020 if the County Board authorized an increase in the levy.

In addition, BLAEDC gave a presentation to the CWC HRA Board at the July board meeting. Currently, CWC and the CWC HRA contribute funds to BLAEDC. The request was made to the CWC HRA to consider having the full CWC contribution come from the CWC HRA.

BLAEDC Funding

Currently, CWC provides \$44,750 to BLAEDC and \$20,300 to Cuyuna Range Economic Development Inc. (CREDI), and the CWC HRA provides \$21,000 for a total of \$86,050. BLAEDC is asking for an increase to \$112,000 (\$87,000 for BLAEDC and \$25,000 for CREDI).



Housing Trust Fund Background

The Minnesota Legislature created and adopted a Housing Trust Fund (HTF) for Local Housing Development, which allows a local unit of government to allocate levy dollars into a Housing Trust Fund that can only be used for: 1) administrative fees; 2) grants, loans, and loan guarantees for the development, rehab, and financing of housing; 3) match other funds from federal, state, or private resources for housing projects; or, 4) provide down payment assistance, rental assistance, and homebuyer counseling services.

The Minnesota Housing Partnership has been coordinating efforts with local units of government to secure \$10 million in appropriations from the Legislature to match local investments. They have not been successful in appropriations, but their work did result in the new statute. They will continue to request appropriations from the Legislature.

Housing Trust Fund Examples

The Red Wing HRA created a HTF in 2015. Within their HTF, they created several programs: homebuyer assistance, owner-occupied rehab, and financial assistance for multi-family housing developments. In addition, they released an RFP to support small site development. The Red Wing HRA is offering a forgivable loan to encourage developers to incorporate two to six rental units on a site, which could be stand-alone residential or mixed-use.

The Alexandria HRA just created a HTF in July of 2019. They identified four priorities for their HTF: single-family new construction, single-family rehab, rental rehab, and multi-family construction. Since the program was just created, they have not used any of their funds. The Alexandria City Council adopted an ordinance creating a HTF.

CWC HRA Housing Trust Fund

The CWC HRA could consider creating a HTF to address housing needs in CWC. The statute is relatively vague, but the creation of a HTF is done by ordinance that would need to be approved and adopted by the County Board. The funds allocated to a HTF can only be spent on the four activities listed above.

Budget Implications

Per the Board's request, staff provided the Board with three budget options to consider:

A total budget of \$991,500, which includes \$112,000 to BLAEDC, \$150,000 management fee for the Brainerd HRA, and a \$500,000 HTF resulting in a total levy request of \$729,500.

A total budget of \$766,500, which includes \$112,000 to BLAEDC, \$150,000 management fee for the Brainerd HRA, and a \$250,000 HTF resulting in a total levy request of \$504,500.

A total budget of \$501,500, which includes \$112,000 to BLAEDC, \$110,000 management fee to the Brainerd HRA, and no HTF. This would result in a total levy request of \$239,500.

The Board also requested information on the impact to the tax payer. If the levy was increased to \$729,500, it would result in a tax rate of .734% and equates to approximately \$7.26 on a \$125,000 homestead. If the levy is \$504,500, it would have a tax rate of about .507% and a tax of approximately \$5.02 on a \$125,000 homestead. If the levy was increased to \$239,500, it would result in a tax rate of .241% and a tax of approximately \$2.38 on a \$125,000 homestead. If the CWC HRA is interested in



creating a HTF, the Brainerd HRA would need to add another position in order to take on the additional workload; therefore, Options 1 and 2 reflect an increase to the Brainerd HRA management fee from \$60,000 to \$150,000. Option 3 shows an increase to the Brainerd HRA management fee from \$60,000 to \$110,000. As a result of the Brainerd HRA management fee, the CWC HRA receives the services of an executive director, finance director, accounting specialist, finance assistant, rehab coordinator, and executive assistant. The Brainerd HRA has created several programs in the past six years, including the rehab programs, Scattered Site Replacement Program, and Tax Forfeited Property Program. In addition, we have facilitated several initiatives, including the redevelopment of Brainerd Oaks/Serene Pines/Dal Mar Estates, a housing study, the veterans/service member project, and the workforce housing study.

Recommendation

At the last board meeting, the discussion was to discuss other HTFs, provide information on the tax implications of Crow Wing County property owners, and to make a recommendation.

The three options for the HTF are: 1) Allocate \$500,000 to the HTF; 2) Allocate \$250,000; or, 3) Do not create a HTF. If the CWC HRA decides to create a HTF, the Brainerd HRA does not have the staff capacity to create and administer new programs and we would need to add a full-time position. Staff anticipates a rehab specialist position that could assist the rehab coordinator with grant writing, processing applications, etc.

Staff recommended providing \$112,000 as requested by BLAEDC and in exchange enter into a Management Agreement that would require a CWC HRA representative be appointed to the BLAEDC Board and that the CWC HRA receives a copy of BLAEDC's budget annually prior to the authorization of the funding. Bergman met with Haverkamp last week to inform her of the recommendations.

Staff also recommended Option 2 with a levy request of \$504,500 (\$112,000 to BLAEDC, \$250,000 for HTF – of which \$25,000 would be admin, and an additional \$65,000 for the Brainerd HRA to add another staff person to support and create the HTF).

Commissioner Goble moved to approve a total budget of \$991,500 for 2020, which includes a \$500,000 HTF, \$112,000 to BLAEDC, and \$150,000 management fee for the Brainerd HRA. Commissioner Magnan seconded the motion.

The Board had a discussion about the options presented.

Haverkamp expressed concern with the recommendation of having a CWC HRA representative appointed to the BLAEDC Board as it would require an amendment to their bylaws. Additionally, BLAEDC has several major funders and having a representative from each would be difficult.

Commissioner Aulie supported the motion (Option 1) and wanted to know how the entire County Board felt. He hoped they would support the increase in the levy, because it was not the HRA's initiative to begin with. County Commissioner Brekken could not speak for the other CWC board members but expressed his support for the levy increase. He added that he felt it was important to be proactive rather than reactive and was interested in the growth and potential for the community.



Chair Nathan questioned why the increase for BLAEDC and the creation of a HTF were being considered as one decision or action. He was concerned about it appearing as underhanded and suggested making a separate motion for each action so that it is clear what decisions are being made. Glynn agreed and felt it was important to maintain transparency. The Board concurred.

Commissioner Goble withdrew her first motion and Commissioner Magnan also withdrew her second.

Commissioner Goble moved to approve an increase in the 2020 Crow Wing County HRA levy at the request of the County Board to fund BLAEDC and CREDI in the amount of \$112,000 in exchange the HRA would require that BLAEDC provides their proposed annual budget, monthly reports, and the HRA board would appoint a liaison to attend their meetings. Commissioner Magnan seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved.

Commissioner Goble moved to establish a Housing Trust Fund in the amount of \$500,000 in anticipation of the workforce housing study recommendation to be implemented in 2020. Commissioner Aulie seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved.

Commissioner Aulie moved to propose an HRA levy in the amount of \$729,500 to the CWC County Board for 2020. Commissioner Morford seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved.

The upcoming meetings were discussed:

- » August 20th, 5:00 p.m, CWC HRA Board Meeting - Board to approve the budget for 2020.
- » September 6th, 9:00 a.m., CWC Budget Committee Meeting - HRA to present its budget.
- » September 24th, 9:00 a.m., CWC Regular Board Meeting - Board to set the preliminary levy.

- 4. ADJOURNMENT:** Commissioner Goble will be absent from the next meeting, August 20th.

Commissioner Aulie moved to adjourn the meeting, seconded by Commissioner Morford. All commissioners voted in favor and none were opposed. The motion was approved and the meeting adjourned at 6:04 p.m.





Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: August 14, 2019
Re: Review & Accept Financial Statements

Please find attached the financial information for July 2019.

CWC HRA Tax Levy

Reflected in the July Financial Statements is the deposit of \$17,161.44 in Property Tax Revenue (levy) for total first half deposits of \$55,513.13. The total levy amount for 2019 is \$98,500. The second half property tax settlement will be in December.

Payments

Reflected in the July Financial Statements are the payments of \$26,000 to the City of Emily for SCDP leverage funds and \$10,500 in funding to BLAEDC.

Action Requested: Accept the July financial statements as submitted.

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Date/Time roberta
8/6/2019 2:39:39 PM

Crow Wing County
CWC HRA Combined Balance Sheet
July, 2019

	Cumulative
ASSETS	
550-000-1129.210 Cash Gen Fund	210,743.69
550-001-1129.210 Cash CWC SCDP	27,802.24
551-002-1129.210 Cash RLF TIF	288,457.16
556-000-1129.210 Cash Development Fund	-191.75
557-000-1129.210 Cash Tax Forf Property	-1,668.96
551-002-1141.000 Loans Rec RLF TIF	70,897.08
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1151.000 Accrued Loan Interest	223.70
551-002-1153.000 Accrued Int Grand Oaks	7,200.00
550-000-1211.000 Prepaid Insurance	575.81
556-000-1450.000 Land Held for Resale	586,096.82
557-000-1450.000 Land Held for Resale TF	8,000.00
TOTAL ASSETS	<u>1,246,135.79</u>
LIABILITIES	
557-000-2115.000 Escrow Account TFP	-1,000.00
550-000-2600.000 Def Inflow of Resources	-7,200.00
556-000-2600.000 Def Inflow of Res - Dev	-586,096.82
557-000-2600.000 Defd Inflow of Res TFP	-8,000.00
TOTAL LIABILITIES	<u>-602,296.82</u>
SURPLUS	
550-000-2700-000 Net Income	27,064.70
550-000-2806.000 Retained Earnings	-670,903.67
TOTAL SURPLUS	<u>-643,838.97</u>
TOTAL LIABILITIES & SURPLUS	<u><u>-1,246,135.79</u></u>

Crow Wing County
CWC HRA Combined Operating Stmt
July, 2019

	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3690.000 Other Revenue	0.00	0.00	-15,750.00	15,750.00
550-000-3691.000 Property Tax Revenue	-17,161.44	-55,513.13	-60,000.00	4,486.87
551-002-3610.000 RLF TIF Interest Rev	-354.90	-1,697.08	0.00	-1,697.08
556-000-3696.000 Development Revenue	0.00	-62,746.51	-111,533.31	48,786.80
557-000-3696.000 TFP Revenue	0.00	-500.00	-11,666.69	11,166.69
TOTAL INCOME	-17,516.34	-120,456.72	-198,950.00	78,493.28
EXPENSE				
550-000-4110.000 Administrative Salaries	0.00	1,875.00	2,625.00	-750.00
550-000-4130.000 Legal	0.00	0.00	2,916.69	-2,916.69
550-000-4140.000 Staff Training	0.00	0.00	875.00	-875.00
550-000-4150.000 Travel	0.00	27.26	116.69	-89.43
550-000-4171.000 Auditing Fees	0.00	6,650.00	6,650.00	0.00
550-000-4172.000 Management Fees	5,000.00	35,000.00	35,000.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	116.69	-116.69
550-000-4430.000 Contracts Costs	26,000.00	26,000.00	0.00	26,000.00
550-000-4500.000 TIF Expense	0.00	30.00	350.00	-320.00
550-000-4510.000 Insurance	115.17	806.19	1,225.00	-418.81
550-000-4540.000 Employer FICA	0.00	143.45	204.19	-60.74
550-000-4590.000 Other General Expense	10,542.27	10,542.27	35,583.31	-25,041.04
550-001-4600.000 CWC SCDP Expense	0.00	0.00	15,750.00	-15,750.00
556-000-4600.000 Development Expense	191.75	62,919.87	111,533.31	-48,613.44
557-000-4600.000 TFP Expense	2,002.00	3,527.38	5,862.50	-2,335.12
TOTAL EXPENSE	43,851.19	147,521.42	218,808.38	-71,286.96
NET INCOME(-) OR LOSS	26,334.85	27,064.70	19,858.38	7,206.32



**Crow Wing County HRA
July 2019 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
22559	7/3/2019	Kennedy & Graven, Chartered	Tax Forfeit Policy & Crosby Tax Forfeit Lots	\$ 1,782.00
22574	7/18/2019	Crow Wing County Land Services Dept	Crosby Tax Forfeit Lots Additional Fees	\$ 20.00
22592	7/18/2019	City of Emily	SCDP Leverage Funds Grant	\$ 26,000.00
22599	7/31/2019	Brainerd Lakes Area Economic Development	1st 1/2 of 2019 Funding	\$ 10,500.00
22606	7/31/2019	Kennedy & Graven, Chartered	Paxmar Spring Closing & Crosby Tax Forfeit Lots	\$ 391.75
22616	7/31/2019	Wells Fargo - CC	Lunch Meeting-Redevelopment Resource	\$ 42.27
Total				\$ 38,736.02



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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Karen Young, Finance Director
 Date: August 14, 2019
 Re: Adopt 2020 CWC HRA Budget

2020 General Fund Budget (See Attachment 3a)**Revenues**

- » A Tax Levy of \$729,500 is recommended for 2020. The maximum Tax Levy for the CWC HRA in 2020 would be \$1,819,243.
- » \$10,000 is anticipated in Tax Forfeit Property revenue generated from the sale of tax forfeited parcels to developers.
- » Development Revenue is budgeted for \$191,200. This is pass-through revenue from the sale of lots to Paxmar and the net affect will be \$0 to the operating budget. It was estimated that 13 Brainerd Oaks lots and seven Serene Pines/Dalmar lots will be sold.
- » \$27,000 in CWC Local Income is anticipated that will be used for eligible program costs. Program costs will offset the revenue.

Expenditures

- » Administrative Salaries of \$4,500 is the Board stipend for regular and special meetings.
- » Employer FICA is the payroll taxes on the stipends paid to the Board.
- » \$10,000 in legal fees is budgeted for potential costs related to CWC HRA programs/initiatives.
- » Travel costs consist of staff mileage reimbursement and board mileage reimbursement for approved non-board meeting events.
- » Training Expense of \$1,500 was budgeted for three Board members to attend the NAHRO conference for redevelopment sessions.
- » Total audit costs of \$6,800 are included in this budget.
- » Management Fees are for the Shared Services Agreement with the Brainerd HRA.
- » The TIF Expense of \$600 is for TIF reporting for the RLF – TIF.
- » The Housing and Redevelopment Initiatives are for projects as determined by the board and could be used for the Scattered Site Replacement Program.
- » Tax Forfeit Property Expense is for legal and closing costs on the sale of properties.
- » Development Expense of \$191,200 is estimated for the sale of 20 lots to Paxmar. The net effect of these costs will be to reduce the development revenue to \$0 and have no effect on the operating budget. The costs will include any expenses related to the sale of the land such as closing, legal and in lieu of assessments.
- » CWC Local Income Expense for eligible program costs.
- » Housing Trust Fund for the establishment of a Fund.



- » The BLAEDC/CREDI funding of \$112,000 is based on the funding request to support economic development.
- » There is a \$38,800 deficit to the General Fund Budget. To fund the initiatives listed above, the Board can designate fund balance.

2019 Revolving Loan Fund – TIF Budget (See Attachment 3b)

Revenues

- » Interest Revenue of \$3,560 from Victual loan and \$7,610 from Grand Oaks loan maturity.

Expenditures

- » Other General Expense of \$1,190 for fees paid to Initiative Foundation and BLAEDC for loan servicing.

Action Requested: Approve a motion to adopt the 2020 General Fund and TIF – Revolving Loan Fund budgets.

Approve a motion to commit \$38,800 for the designated use of Fund Balance for Housing and Redevelopment Initiatives.

Crow Wing County HRA 2020 Budget

	2020 Budget	2019 Budget	Difference
Revenues			
Property Tax Levy - CWC HRA	(117,500)	(77,500)	(40,000)
Property Tax Levy - BLAEDC	(87,000)	(21,000)	(66,000)
Property Tax Levy - CREDI	(25,000)	0	(25,000)
Property Tax Levy - Housing Trust Fund	(500,000)	0	(500,000)
Total Property Tax Levy	<u>(729,500)</u>	<u>(98,500)</u>	<u>(631,000)</u>
Tax Forfeit Property Fund	(10,000)	(20,000)	10,000
Development Fund	(191,200)	(191,200)	0
CWC Local Income Fund	(27,000)	(27,000)	0
Designated Fund Balance	(38,800)	(33,650)	(5,150)
Total Revenues	<u>(996,500)</u>	<u>(370,350)</u>	<u>(626,150)</u>
General Fund Expenditures			
Administrative Salaries	4,500	4,500	0
Employer FICA	350	350	0
Legal	10,000	10,000	0
Travel	250	250	0
Training	1,500	1,500	0
Sundry-Admin	200	200	0
Auditing Fees	6,800	6,650	150
Management Fee	150,000	60,000	90,000
TIF Expense	600	600	0
Insurance	2,100	2,100	0
Housing and Redevelopment Initiatives	30,000	40,000	(10,000)
	<u>206,300</u>	<u>126,150</u>	<u>80,150</u>
Fund Expenditures			
Tax Forfeit Property Fund	10,000	5,000	5,000
Development Fund	191,200	191,200	0
CWC Local Income Fund	27,000	27,000	0
Housing Trust Fund	450,000	0	450,000
BLAEDC/CREDI Funding	112,000	21,000	91,000
	<u>790,200</u>	<u>244,200</u>	<u>546,000</u>
Total Expenditures	<u>996,500</u>	<u>370,350</u>	<u>626,150</u>
Net Operating (Income)/Loss	<u>0</u>	<u>0</u>	<u>0</u>

Crow Wing County HRA 2020 RLF - TIF Budget

	2020 Budget	2019 Budget	Difference
Revenues			
Interest Revenue	(11,170)	0	(11,170)
Total Revenues	(11,170)	0	(11,170)
Expenditures			
Legal	0	0	0
Auditing Fees	0	0	0
TIF Expense	0	0	0
Other General Expense	1,190	0	1,190
Total Expenditures	1,190	0	1,190
Net Operating (Income)/Loss	(9,980)	0	(9,980)



Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Jennifer Bergman, Executive Director
 Date: August 15, 2019
 Re: Approve Certificate Revenue for the West Grove Townhomes

In 2003, the Crow Wing County HRA issued \$1,280,000 in General Obligation Housing Revenue Bonds, which were used to construct three buildings consisting of eight townhomes in Pequot Lakes. The townhomes provide housing to the elderly who would not be served by the private housing market or to non-elderly persons with incomes at or below 80% of the area median income. These bonds were refunded in 2012 for \$1,290,000 for a lower interest rate.

One of the requirements in the Joint Powers Agreement is that the Pequot Lakes HRA provides to the CWC HRA a cash flow projection for the following year on or before August 1st of each year. The CWC HRA must sign the Revenue Certificate indicating there will or will not be sufficient cash flow to pay 105% of the principal and interest on the bonds. If the cash flow is not sufficient enough to pay 105% of the principal and interest on the bonds, the City of Pequot Lakes must approve the HRA's levy to cover the difference.

Action Requested: Authorize the Executive Director to sign the Revenue Certificate indicating there will not be cash flow sufficient to pay 105% of the principal and interest on the Bonds.

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2020 West Grove

EXPLANATION

REVENUES

RENT REVENUES

Rental Revenue	71,040	
Rental Vacancies	7,104	Calculated 10% potential vacancy rate
Net Rent Revenues	63,936	

TOTAL PROJECTED ANNUAL REVENUES

\$63,936

OPERATING EXPENSES

ADMINISTRATIVE EXPENSES

Administrative Expenses	5,000	Office Staff time , health insurance
Accounting Fees	2,000	Includes Monthly fee accountant and annual audit costs
Credit Reports	150	\$35/report.
Office Supplies	200	
Total Administrative Expenses	7,350	

UTILITIES

Electric	200	Estimate for Vacant Units Utilities
Gas	400	Estimate for Vacant Units Utilities
Sewer & Water	200	Estimate for Vacant Units Utilities
Refuse Removal	425	
Total Utilities	1,225	

MAINTENANCE & REPAIRS

Maintenance Labor	4,000	PLHRA Maintenance Personnel cost (repairs, lawn care, snow removal)
Maintenance Supplies	2,000	Self Explanatory
Contracts	2,000	Exterminating, Fertilizer, and Weed Control (in contracts)
General Repairs	1,500	As needed outside contractor labor repairs.
Total Repairs & Maintenance	9,500	

TAXES & INSURANCE

Real Estate Taxes (PILOT)	3,500	Estimate for 2019
Property Insurance	4,000	Estimate for 2019
Total Taxes & Insurance	7,500	

TOTAL OPERATING EXPENSES BEFORE DEBT

\$25,575

TOTAL PROJECTED REVENUES

63,936

TOTAL EXPENSES BEFORE DEBT

(25,575)

NET OPERATING INCOME

38,361

REPLACEMENT RESERVE - DEPOSITS

-

ANNUAL DEBT SERVICE

Mortgage Principal	\$50,000	
Mortgage Interest	\$27,095	P & I payable in Feb 2019 and Aug 2019
Annual Mortgage	(\$77,095)	

ESTIMATED CASH FLOW

TO BE FUNDED BY CITY OF PEQUOT LAKES SPECIAL LEVY

-0.502419093



REVENUE CERTIFICATE
CASH FLOW PROJECTIONS
2020

The Crow Wing County HRA does hereby certify that the cash flow projections for the West Grove Townhomes, Pequot Lakes, MN, Bond Series 2012A, Account #161346000, _____(will/will not) be sufficient to pay 105% of the principal and interest on the Bonds.

Jennifer Bergman
CWCHRA Executive Director



Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Jennifer Bergman, Executive Director
 Date: August 15, 2019
 Re: Executive Director Report

Workforce Housing Study

The next Workforce Housing Task Force meeting is scheduled for Thursday, August 15th (see Attachment 5a). Scott Meitus has completed the data compilation and the survey questions, so we will review the data. Kristen Fish-Peterson will be in attendance at the meeting and will be spending a couple of days touring sites in Crow Wing County.

Paxmar Update

John Schommer met with Kent Roessler from Paxmar and his new builder, Monty Jensen from Level Contracting, last week regarding the build out of the Brainerd Oaks/Serene Pines/Dalmar Estates developments.

After their meeting, Mr. Jensen called John and explained that he and Mr. Roessler are interested in transferring the Purchase and Development Agreement (PDA) to Monty Jensen with Level Contracting and Paxmar-Brainerd LLC would no longer be involved.

A few months ago, Mr. Roessler had asked if it would be possible to transfer the PDA. We had asked Attorney Martha Ingram if he is able to do this and under the PDA it is allowed; however, there were some steps we needed to take. At that time, Mr. Roessler decided he was going to continue to be the developer. Now it appears as though he is requesting this formally.

We would like to discuss this with the Board at our meeting.

No Action Requested; Discussion Item

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Workforce Housing Task Force Meeting
July 18, 2019

Present:

- Cassandra Torstenson, City Administrator, City of Brainerd
- Patrick Wussow, City Administrator, City of Breezy Point and Brainerd HRA Board
- Dolly Matten, Executive Director of the Greater Lakes Realtors Association (GLAR)
- John Andrews, Crosslake City Council
- Mark Ronnei, Grandview Lodge
- Craig Nathan, Rural MN CEP, CWC HRA Chair
- Jennifer Bergman, CWC HRA
- LeAnn Goltz, CWC HRA
- Kristen Fish-Peterson (via teleconference), Redevelopment Resources
- Scott Meitus, (via teleconference), Redevelopment Resources/Windward Group

1. **Review and Discuss Data:** Briefly reviewed tabs from the following spreadsheets:
 - a. Single-Family Sales Spreadsheet
 - In general, average age of homes in the lowest end of the market is 1934.
 - Sales by Area – Discussed which sales could potentially be lake homes based on price, but the consensus of the group was that it was not possible to tell. Dolly will follow up with data that excludes lakeshore sales.
 - b. Multi-Family Sales Spreadsheet – Very few built after 2009/2010.
 - c. Economic Demographics Data
 - Will follow up with labor shed data.
 - Information on replacement cycles would be nice.
 - Currently does not include the number of building permits/new housing starts from 2018. Scott will obtain this info and include it in the data.
2. **Discuss Survey**
 - a. Review Questions – Members of the group provided input on the questions provided and also gave suggestions for some new ones.
 - b. Discussion on Survey Distribution – Scott will provide a link to the survey and it can be distributed/shared to others.
3. **Community Outreach** – On June 14th, Jennifer and Kristen toured most of Crow Wing County starting with Brainerd and then drove to Ironton, Crosby, Crosslake, Pequot Lakes, and Baxter. Kristen was also met with Pequot Lakes EDA on July 16th to get their perspective on what they felt they needed. Kristen is open to meeting with other communities if they are interested.
4. Next Meeting – 2:00 p.m. on August 15th, 2019. Kristen will be present for the meeting.
5. Adjourn – 3:45 p.m.



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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: John Schommer, Rehab Coordinator
 Date: August 12, 2019
 Re: Brainerd HRA/Rehab Programs Report

BRAINERD OAKS/SERENE PINES

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	32	25	1	4
Serene Pines	23	11	8	0	0
Dalmar Estates	7	0	0	0	0

*Originally 83 lots, two have been merged/combined into a single parcel.

MHFA

- » 2 projects are in construction
- » 2 projects are in work write-up
- » 2 applications are being processed

Emily SCDP

- » 2 Owner-occupied units are bidding
- » 2 owner-occupied units are in work write-up

NE Brainerd SCDP

- » 1 Commercial project is in construction
- » 9 Mixed-use units are bidding
- » 2 Owner-occupied projects are bidding

FHLB AHP Application

Application for six units of rehab was submitted on May 31st. We will find out in December if we were funded.

Brainerd Revolving Loan Program

We are waiting on one interested property owner. We had 2 inquires last week.

(Continues on opposite side)



DOWNTOWN BRAINERD SCDP

Address	Business	Commercial	Rental Units	Status
214 & 216 S. 8th St.	Last Turn	1	11	Complete
216 S. 7th St.	Bridge of Harmony	1		Complete
217 S. 7th St.	Downtown Mall	1	14	Complete
602 Laurel St.	Olde Open Window	1	6	Complete
605 Laurel St.	Northwind Grill	1	11	Complete
606 Laurel St.	Sage on Laurel	1	2	Complete
711-717 Laurel St.	LAMF, Cross Arts Alliance, Vaenn Har	1		Complete
719 Laurel St.	Purple Fern	1		Complete
704 Front St.	Iron Hill's Gun, Pawn & Antiques	1		In Construction
724 Laurel St.	Bob & Fran's Factory Direct	1		In Construction
Total		10	44	

