

CITY OF FRIDLEY
HOUSING AND REDEVELOPMENT AUTHORITY COMMISSION
April 4, 2019

Chairperson Holm called the Housing and Redevelopment Authority Meeting to order at 8:15 p.m.

MEMBERS PRESENT: William Holm
Elizabeth Showalter
Dave Ostwald
Gordon Backlund
Kyle Mulrooney

OTHERS PRESENT: Paul Bolin, HRA Assistant Executive Director
Wally Wysopal, City Manager
Scott Hickok, Community Development Director
Jim Casserly, Development Consultant

Action Items:

1. Approval of Expenditures

MOTION by Commissioner Mulrooney to approve the expenses as submitted. Seconded by Commissioner Backlund.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY

2. Approval of March 7, 2019 Meeting Minutes

MOTION by Commissioner Showalter to approve the minutes as presented. Seconded by Commissioner Mulrooney.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MINUTES APPROVED.

3. Amendment to Development Contract – Sherman Associates

Paul Bolin, HRA Assistant Executive Director, stated that the market rate building will be four stories of living space with underground parking. It will border Main Street and 61st Avenue and have 95 multi-family apartment units that will include a mix of studios and two bedrooms. There will be 72 underground parking stalls and 42 surface parking spaces. The mixed income building will be 4-stories of living space with underground parking. It will be located along the south edge of the site next to Main Street. There will be 72 units of 1, 2, and 3 bedroom options with 66 underground parking stalls and 42 surface parking stalls. This building will provide housing for those families earning below 60% Median Income (AMI).

Mr. Bolin stated that the development agreement was approved in May 2018. Delays and lack of housing tax credits added \$1.35M to the cost of the mixed income building. The gap is filled by construction cost reduction, deferred developers fee and \$600,000 loan from HRA. Delays also cause a need to change dates in the existing contract. Units were also added to senior and the market rate building. Staff recommends the Authority approve a motion to adopt a resolution approving the restated contract.

Commissioner Holm thought this was a significant project that adds to the transit zone.

Commissioner Backlund asked if the 2% interest applied only to subsidized housing mixed income, not to the other two buildings.

Mr. Bolin replied correct.

MOTION by Commissioner Mulrooney to amend the development contract with Sherman Associates. Seconded by Commissioner Showalter.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY

4. Approval of Land Sale – Sherman – 6050 Main Street

MOTION by Commissioner Showalter to open the public hearing. Seconded by Commissioner Backlund.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED AND THE PUBLIC HEARING OPENED AT 8:27 PM.

Paul Bolin, HRA Assistant Executive Director, stated that Sherman Associates is getting ready to start construction this summer and now is the correct time to hold public hearing and get approval of the sale of the property. Staff recommends adopting the resolution authorizing the sale of the property to Sherman Associates as described in the development agreement.

Carol Mette, Sherman Associations, stated that they hope to break ground this summer and close on both the market rate and senior property at the same time. They would start construction on the northeast corner working back. The priority is to turn over the metro transit parking lot first. Once that complete construction can begin on the buildings.

Chairperson Holm asked for the approximate date of completion.

Ms. Mette replied 12 months but more like 16 months for all three projects.

Chairperson Holm asked about the mixed-use building.

Ms. Mette replied that would close in August. There is a different time frame because they are looking for bond allocations with tax credits from the State.

Jim Casserly added that the reason for the amended development agreement is to facilitate the affordable housing. The Authority will assist with the loan to Sherman Associates to make that project happen. This agreement allows flexibility in the timing and closing and when each project needs to be completed. They pay \$500,000 each for the land but for the affordable housing they pay for land through the deferred loan.

Chairperson Holm noted that this also involves arrangements with the rail authority.

Mr. Casserly replied yes.

Commissioner Backlund asked if each building was on their own or integrated into the project to get the third part approved.

Ms. Mette replied that the affordable housing isn't a requirement for them to start on the first two buildings. They plan to do all three and will be financially independent buildings, but all operated as Sherman Associates. All three buildings will be linked together with the club house amenities. The affordable piece is contingent on funding that has been applied for, the other two buildings will close together and work on those two buildings at the same time.

Commissioner Backlund asked about the different loan rates.

Ms. Mette replied that the market rate senior project is anticipating working with the same lender and finance them both similarly. There will be easement agreements that addresses who pays for things like the clubhouse and shared driveways for example.

Commissioner Backlund asked if each building would have similar amenities like kitchen, appliances etc.

Ms. Mette replied that the goal is to have similar qualities. The affordable housing will be a little different due to the guidelines that have to be meet. Overall, they anticipate the design level to be the same across the properties. There will be no difference in the quality of the units. each building will have specialty focused amenities for the tenants

Commissioner Backlund asked if the outside of the building would be different or similar.

Ms. Mette replied that the exterior of the building will all have similar elements. Each will have their own uniqueness, independent design.

Commissioner Mulrooney asked how many parking spaces would be left.

Mr. Bolin replied 80 vs 330.

MOTION by Commissioner Backlund to close the public hearing. Seconded by Commissioner Showalter.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED AND THE PUBLIC HEARING CLOSED AT 8:40 PM.

MOTION by Commissioner Showalter to approve the land sale, Sherman, 6050 Main Street. Seconded by Commissioner Ostwald.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY

5. Amendment to Development Contract – 6431 University Avenue

Paul Bolin, HRA Assistant Executive Director, stated that the new development will be accessed from Fourmies Avenue, where there will be a parking lot with 43 surface stalls and a drop-off canopy at the front door. The underground parking garage will be accessed from the existing “alley” that connects to 5th Street. In August the Authority approved exclusive negotiations with Steve Dunbar (Fridley Investments, LLC). In January 2018 D.A. Approved the elements from August E.N.A. similar to other HRA D.A.’s closing May 1, 2019. This amendment would change the closing date from May 1 to August 1. Staff recommends the Authority approve a resolution to amending the existing contract to accommodate changing the closing date.

Chairperson Holm asked if it has been determined who will do the demolition.

Mr. Bolin replied no. The demolition costs depend on how it is done, and staff is still working on a solution for the demolition.

Jim Winkles, Amco Construction, added that they have engaged with an engineer to look at how to go about the demo of the parking ramp. The consulting engineer will have a report ready next week. Once this is completed, we will be able to put together the demolition plan and bid the project. The contract reads that three bids are needed, and we don’t have to use the lowest bid, but the contact amount will be used in determination in what the HRA will reimburse. We prefer to use the same people for demolition and construction.

MOTION by Commissioner Backlund to amend the development contract with Sherman Associates. Seconded by Commissioner Mulrooney.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY

6. Approval of Land Sale – LI, LLC 6431 University Avenue

MOTION by Commissioner Backlund to open the public hearing. Seconded by Commissioner Backlund.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED AND THE PUBLIC HEARING OPENED AT 8:56 PM.

Paul Bolin, HRA Assistant Executive Director, stated that the development agreement lays out terms for the sale. The \$2.2M sales price is based on the appraisal, the fair market value. \$2.0M would be put into escrow to reimburse the developer for extraordinary demolition costs.

Chairperson Holm asked what the financial implications were for the sale of the property based on questions for the demolition and if it was accommodated in the sales price.

Jim Casserly, Development Consultant, replied that will be handled through the closing and an escrow will be created in which \$2M would be put in to cover the extraordinary costs. This is a common arrangement for the Authority to place money in escrow to provide reimbursement for extraordinary costs.

MOTION by Commissioner Showalter to close the public hearing. Seconded by Commissioner Ostwald.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED AND THE PUBLIC HEARING CLOSED AT 9:00 PM.

MOTION by Commissioner Showalter to approve the land sale, LI, LLC 6431 University Avenue. Seconded by Commissioner Ostwald.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY

Informational Items:

1. CEE Housing Programs Update

Paul Bolin, HRA Assistant Executive Director, reported that two loans closed in March for a total of five year-to-date. There was one remodel advisor visit in March and one Home Energy Squad Visit for a total of 12 year-to-date. The next meeting is May 2nd at 7:00 p.m.

Adjournment:

MOTION by Commissioner Mulrooney to adjourn. Seconded by Commissioner Showalter.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 9:03 PM.

Respectfully submitted,

Krista Peterson
Recording Secretary