

Cambridge Economic Development Authority (EDA)
July 15, 2013

Pursuant to due call and notice thereof, a regular meeting of the Cambridge Economic Development Authority (EDA) was held on Monday, July 15, 2013 at Cambridge City Center, 300 3rd Ave NE, Cambridge, Minnesota, 55008.

Members Present: President Lisa Iverson, Vice President Chris Caulk and EDA members Howard Lewis, Marlys Palmer, and Corey Bustrom

Members Absent: None

Others Present: Executive Director Woulfe and Economic Development Director Stan Gustafson

Call to Order

President Iverson called the meeting to order at 6:01 pm.

Approval of Agenda

Palmer moved, seconded by Bustrom, to approve the agenda as presented. Motion carried unanimously.

Consent Agenda

Caulk moved, seconded by Lewis, to approve the consent agenda as follows:

A. Approve July 1, 2013 EDA meeting minutes

Upon call of the roll, Bustrom, Caulk, Palmer, Lewis and Iverson voted aye. No nay. Motion carried unanimously.

New Business

Presentation on Need & Demand Analysis for Market Rate and Senior Housing

Gustafson reported the EDA approved the professional services contract to have a demand analysis done for market rate and senior housing. Gustafson stated staff has been assisting and helping with information requests and these studies are now complete.

Gustafson stated the Gill Group created two studies, a need demand analysis for market rate and senior housing and both documents have many similarities. Gustafson stated the reports indicate there is a need for all sectors of rental housing.

Gustafson announced the report showed a variety of apartment complexes throughout Isanti County including maps and their community services. Gustafson stated the reports indicated the number of bedrooms, bathrooms, approximate size of units, amenities provided, and average rents along with other information.

Gustafson announced the market vacancy rate for affordable housing – 1.3%, market housing – 2%, senior housing – 2%, and the overall vacancy was reported at 1.7%.

Gustafson stated the rental market has continued to see an increase due to the recession, foreclosures, change of lifestyles and the younger population wanting to rent versus buying.

Gustafson reported the completed study will give staff a better marketing piece to share with developers that are interested in seeing what options are available for additional multi-family residential sites in Cambridge.

Lewis asked what the LIHTC acronym meant. Gustafson explained it meant Low Income Housing Tax Credit. Lewis asked staff to explain the median income. Mark Ruff from Ehlers stated median income is a number provided by HUD and is adjusted by family size. Ruff reported for a family of four the median income as defined by HUD is \$84,000. Lewis stated he thought the median income for Isanti County was much lower. Ruff explained Isanti County is included in HUDs metro area and it is not broken out by county.

EDA Resolution No. EDA R13-006 Recommending the City Council adopt a modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-15

Gustafson stated staff has been working with the Developer, The Preserve of Cambridge, LLC, about constructing a market rate apartment complex. Gustafson stated the site is a 6.95 acre lot located at Outlot E Parkwood on the Lakes 3rd Addition. Gustafson noted, once platted, a new property identification number will be issued along with a new legal description. Gustafson stated recent studies indicate a strong need for a market rate apartment building.

Gustafson stated their concept plan was presented to City Council on April 15, 2013 for discussion and an open meeting was held and surrounding homeowners were invited. Gustafson reported the Planning Commission held a public hearing on July 2, 2013 and, at that meeting, reviewed and approved rezoning, an amendment to the future land use map, preliminary and final plats, and approval of Resolution R13-02 finding a modification to the Development Program for Development District No. 6.

Gustafson stated the Parkwood Development is a Planned Unit Development (PUD) that consists of single family, detached townhomes, attached townhomes, twin homes and senior housing units and very little development has occurred over the last several years. Gustafson added, within the last two years, the majority of the lots became State Tax Forfeited property and were placed up for sale by Isanti County.

Gustafson stated The Preserve of Cambridge, LLC is proposing to build two 46-unit, three-story apartment buildings in two phases. Gustafson stated this project will be an upscale apartment building with many amenities that are not currently offered in Cambridge. Gustafson stated the first phase is to start construction as soon as possible in 2013.

Gustafson stated of the 46 units, 9 units or 20% of the total units will need to meet an annual income certification. Gustafson reviewed the housing qualifications for the district.

Gustafson stated the apartment complex will feature an elevator, business office, library, manager office, community room, washer and dryer in each unit, playground, screened balconies, security system (keyless entry and cameras) and an in-house fitness center. Gustafson stated the designated library may be utilized for another use and will be determined prior to construction. Gustafson stated the building would be sprinkled, parking on the first level or below grade and

they will include a parking lot that would meet the City's requirements. Gustafson stated this apartment building would include 14 one-bedroom units, 29 two-bedroom units and 3 three-bedroom units. Gustafson reported these units are primarily market rate apartments with 20% of the units at 50% of median income to meet Tax Increment Financing rules.

Gustafson stated the Developer is requesting Tax Increment Financing to help finance this project and it would be used for a variety of qualified expenses as indicated in the Contract for Private Development which includes: land acquisition costs, costs to construct parking areas, sidewalks, street lighting, utility infrastructure, landscaping and three segments of City roads. Gustafson stated the Developer will build the streets on 11th Avenue SE from Opportunity Blvd. to Roosevelt and Zachary from 8th Lane SE & 10th Avenue SE to Roosevelt as part of this project. Gustafson stated the Tax Increment requested is up to \$1,307,861 or up 22 years, the Developer will retain 90% of the TIF, and the City will retain 10% for administration cost; this is a "pay-as-you-go" TIF obligation.

Gustafson reported the projected building cost is \$4,646,816 or \$101,018 per developed unit.

Mark Ruff with Ehlers explained the difference with the TIF plan and Developers agreement. Ruff explained the not-to-exceed budget is the maximum amount that can be captured over the life of the district. Ruff added that Minnesota has specific statutory requirements that need to be included on all TIF plans. Ruff gave a general overview of the TIF district and TIF plan. Palmer asked if this plan meets the "But For". Ruff confirmed that the plan met the "but for", but is still up to Council to approve.

Palmer stated this project will help with the 2% vacancy issue.

Lewis asked if this is a business subsidy. Ruff stated since this is a housing project it is not a business subsidy. Lewis asked what the citizens of Cambridge are getting in return for this District. Ruff stated businesses are attracted to communities that have a variety of housing and, by having newer housing stock; it could promote other new housing projects. Ruff stated school districts are supportive because they will likely see an increase in enrollment and this will also allow seniors additional housing options. Gustafson added, by constructing the streets, this will add more value to the development without assessments.

Caulk confirmed when the Developer purchased the land, the pending assessments were paid.

Caulk moved, seconded by Lewis to approve Resolution No. 13-006 recommending the City Council Adopt a Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-15 as presented and forward to the City Council for their approval. Motion passed unanimously.

Recommend to the City Council the approval of the Contract for Private Development with Mick Construction, Inc. at Outlot E Parkwood on the Lakes 3rd Addition, Cambridge

Gustafson stated the contract has been reviewed by all attorneys and all are in agreement.

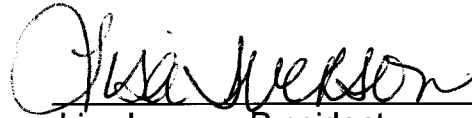
Bustrom moved, seconded by Palmer to recommend approval of the development contract to City Council. Motion passed unanimously.

Unfinished Business

There was no unfinished business.

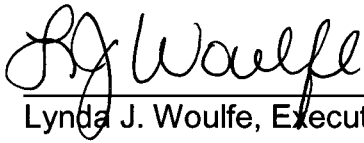
Adjournment

Lewis moved, seconded by Caulk, to adjourn the meeting at 6:50 p.m. The motion carried unanimously.



Lisa Iverson, President

ATTEST:



Lynda J. Woulfe, Executive Director