



Minutes

Roseville Economic Development Authority (REDA)

City Council Chambers, 2660 Civic Center Drive

Monday, June 21, 2016 at 3:00 p.m.

1. Roll Call

President Roe called the meeting to order at approximately 6:00 p.m. Voting and Seating Order: Commissioners McGehee, Willmus, Laliberte, Etten and Roe. Executive Director Patrick Trudgeon, EDA Attorney Martha Ingram of Kennedy & Graven, and Consultant Janna King with Economic Development Services, Inc. were also present.

Other staff available in the audience included Interim Community Development Director Kari Collins, City Finance Director Chris Miller, and Housing and Economic Development staff Jeanne Kelsey.

2. Pledge of Allegiance

3. Approve Agenda

President Roe announced that a closed session of the REDA would not occur due to the information for that discussion not yet being available.

Etten moved, Laliberte seconded, approval of the agenda as amended.

Ayes: McGehee, Willmus, Laliberte, Etten and Roe.

Nays: None.

Motion carried.

4. Public Comment

5. Board and Executive Director, Reports and Announcements

President Roe announced upcoming Rosefest events.

6. Approve Minutes

Comments and corrections to draft minutes had been submitted by the Authority prior to tonight's meeting and those revisions were incorporated into the draft presented in the meeting packet.

a. Approve REDA Minutes of May 25, 2016

Etten moved, McGehee seconded, approval of the May 25, 2016 REDA Meeting Minutes as amended.

Corrections:

• Page 19, Lines 22 – 25 (Etten / McGehee)

Correct to read: "Member Etten reported that the RHRA had discussed that when revising the loan rate, but felt at that point a clear and straightforward 3% was best. Member Etten noted this was still below bank rates, and

provided that the city wasn't losing money but the program was easily understandable by citizens."

Roll Call

Ayes: McGehee, Willmus, Laliberte, Etten and Roe.

Nays: None.

Motion carried.

7. Business Items (Action Items)

a. Financial Overview of Operating Account

Executive Director Trudgeon briefly summarized the agenda for this meeting; and deferred to City Finance Director/Assistant REDA Treasurer Chris Miller for an update on the REDA Operating Budget by fund.

As detailed in the staff report of today's date, Finance Director Miller reported on available REDA funds as of December 31, 2015, along with his memorandum dated April 15, 2016 (Attachment A); along with an update of expenditures and revenue to-date during 2016 (Attachment B). Mr. Miller noted available funds (Attachment B dated June 13, 2016) showed expenditures and revenue to-date, with available funds required for day-to-day program administration, especially since no REDA levy had been allocated for 2016 beyond grant or other miscellaneous revenue. Mr. Miller noted expenditures to-date in 2016 were primarily for REDA staffing and professional services available from non-designated, general REDA funds. Mr. Miller noted most of these funds will be expended, leaving few start-up funds available for day-to-day cash flow for operations beginning in January of 2017.

While some of the unrestricted monies in other program funds may be redirected, as per REDA direction for dedication to general operations, Mr. Miller suggested the key would be the REDA's discussion on how to proceed in their role that would then inform that reallocation.

President Roe noted there was a carry-over need of approximately \$165,000 for cash flow purposes to meet operational needs between tax levy collection periods at today's level of programming.

Finance Director Miller concurred that first half tax collection payments were typically not received until mid-year, creating an approximate 6-month delay before their receipt.

President Roe further clarified that the Community Development Block Grant (CDBG) grant funds, received by the RHRA through Ramsey County, were restricted to a specific use.

At the request for clarification by Member McGehee, Finance Director Miller advised that at some point, the REDA would need to adopt their 2017 budget to establish an EDA levy or identify some other funding source for ongoing operations.

At the request of Member Willmus, Executive Director Trudgeon advised that funds for the Cope Avenue property sale had ended up in the REDA's multi-family and housing program.

As the RHRA, Member Willmus noted that they received a colored, line-item report of expenditures and revenue, with salaries broken down by person, and other more finite details available.

Finance Director Miller advised that while not prepared in such detail for tonight's discussion, depending on REDA feedback and direction, staff would provide more or less information, or package it as found most helpful.

Member Willmus requested the former RHRA detail, whether or not the entire REDA wanted that amount of detail; using the colored breakdown as used for the RHRA.

Member Laliberte asked for that detail as well, as much as possible in order to decide the best use of items, or to determine if any items are duplicated, and impacts for adding or subtracting programs or dollar amounts.

President Roe stated his interest in the detail from his point of view for personnel costs per person to inform the REDA's future discussion and policy decisions. President Roe suggested as much detail may not be required tonight as this reflects 2016; but he would expect more detailed information as provide to the RHRA in the past once the REDA moved forward.

Executive Director Trudgeon advised that staff would provide that information for future presentations.

Interim Community Development Director Kari Collins noted the information had since been updated to provide a more accurate picture than even that used for submittal to the RHRA, based on the information provided by Finance Director Miller. Ms. Collins noted that former Community Development Director Paul Bilotta had consolidated that RHRA information as part of that past submittal.

At the request of Member Laliberte, Executive Director Trudgeon clarified that the Hamline Avenue sale funds had been allocated to the Housing Replacement Program.

President Roe thanked staff for the information update, and noted the directives as requested during tonight's discussion for future iterations of these reports.

b. Overview of Economic Development Priorities and Staffing Capacity

President Roe noted this discussion was a result of individual member feedback, and staff tabulation of their individual rankings of priorities for the remainder of 2016 and moving into 2017 for the REDA as detailed in the staff report of today's date. President Roe noted tonight's discussion would proceed to discuss those next steps.

Interim Community Development Director Kari Collins deferred to REDA Consultant Janna King with Economic Development Services, Inc, for her update and presentation on the a potential economic development strategy for the REDA. Ms. King's presentation: "Economic Development Strategy," was reviewed, with Ms. King noting that the resources the REDA spent would depend on the priorities they created.

Ms. Collins advised that after the presentation, she would comment on 2016 staff capacity and potential economic development priorities for 2017, and staff capacity for those rankings per theme, as outlined in detail in the staff report.

Member McGehee, in her expedited review of the materials, opined that many of the priorities appeared to consist of low-hanging fruit, but without any future explanation of what it would entail; and therefore she had ranked many of those items lower not knowing if sufficient safeguards would be in place. Member McGehee further opined that she found an inherent problem with the materials provided to evaluate was not knowing how they would, with one in particular based on requests from developers over the years, but seemingly without a process attached.

As he had previously pointed out to Interim Community Development Director Collins, Member Willmus advised that he ranked high or medium, and only one low item; and suggested at the onset it may help to review those rankings and spend more time talking about them.

President Roe stated the rankings could always be revisited, but from his perspective, he had given some things lower priority based on his concern with a process or lack thereof. President Roe noted he felt other things were of more importance to focus on sooner; and opined that just because some represented low-hanging fruit, didn't mean they all needed picked. President Roe noted that all priorities may involve policy decisions by the REDA, and while not indicating not doing any if they were natural improvements, there were other higher priorities; and as a board, the REDA needed to define those

things for consideration now and those for later. President Roe stated he was not comfortable spending too much time on lower priority items at this point.

Interim Community Development Director Collins further clarified that in this initial expedited review, many things fell under the Planning Division and their respective budget, causing those items to fall into a lesser priority for the REDA.

As detailed in the staff report (page 1, lines 8 – 10), Interim Community Development Director Collins noted three themes emerged in reviewing individual REDA rankings, as follows.

2016 Policy Development

Ms. Collins noted it was felt necessary to develop policies yet in 2016 before moving forward with initiatives and priorities. At an estimated allocation of \$10,000, Ms. Collins noted these incentive policies may involve the community as a whole or specific areas as identified by the REDA.

2016 Acquisition/Redevelopment Support

Ms. Collins suggested an allocation of \$10,000 to develop a framework for site acquisition, assisting staff and the REDA determine where priority areas are, and when to bring a site forward for consideration, and if/when a consultant should be engaged. If a consultant was indicated, Ms. Collins noted the estimated cost as allocated; with additional costs for more specialized consultants to assist in any acquisition process.

Ms. Collins noted this would also inform the upcoming comprehensive plan update for housing and economic development chapters, to accommodate research ahead of time.

2016 Proactive Economic Development

As detailed in the staff report, Ms. Collins noted interest from adjacent jurisdictions and area Chambers of Commerce in working on some of these economic development efforts as a group. Ms. Collins advised that staff estimated the city's contribution toward this visioning group would be approximately \$40,000. Ms. Collins broke down some of these expenditures, as detailed in the staff report, lines 62 – 101 for a total of \$81,500.

2017 Priorities and Staff Capacity

Policy Development; Acquisition/Redevelopment Support; Proactive Research (Interns, staffing, and/or consultants) for research

Ms. Collins reviewed 2017 economic development priority rankings and staff capacity, as outlined in the staff report, lines 203 – 209, and identified the maximum estimated cost of those 2017 initiatives, some dependent on additional staffing requirements, and totaling \$196,000 plus. Ms. Collins

noted these maximum estimates could be adjusted based on additional REDA feedback to staff.

REDA Discussion

President Roe asked staff how they had identified and defined the 2016 priorities, and those for 2017.

Interim Community Development Director Collins responded that through the REDA homework exercise, those identified as high priorities for the next six months had been considered by staff to be 2016 priorities for the next six months. Ms. Collins advised that those identified as medium priority had been deferred to 2017 to move to high priorities.

President Roe asked the REDA if those lower medium priority items, requiring resources and staffing, were in line with the REDA's own prioritization, or where to draw the line (e.g. page 4, business concierge at the lower end of medium rankings). Noting those initiatives highlighted in red as needing additional staff or a consultant, President Roe asked if further clarification was needed for those medium ranked initiatives that the REDA may prefer not to expend additional resources on at this time given other priorities and allocation of those resource requirements.

Member McGehee stated the most important thing from her perspective was to put together a process and policy, and until that was done, everything else didn't really matter; as process and policy would inform the kind of staffing needed and what could be done by the REDA. Member McGehee stated she was interested in guidelines for acquisitions and a process for moving forward with policy development, consultants and subsidies – the when, how, etc. Member McGehee opined if the REDA and staff could accomplish that, and be satisfied with those results by the end of 2016, she would consider that a great accomplishment.

President Roe noted the REDA's responsibility to set a 2017 levy and budget; and while they may not know a lot going it, it may require setting a status quo budget and levy, with possible augmentation from existing funding sources for one-time projects.

Member Willmus agreed with the comments of Member McGehee; to drill down on the policy development – the how, when, and where – as a starting point; opining that other things will come into play later.

President Roe stated his preference for the 2017 levy would be to address one-time research and development of policy costs; opining that it may make sense to take those funds from existing dollars, since they weren't an ongoing expense. President Roe further suggested a maintenance levy for staff, with further evaluation and fine-tuning for those areas needing expenditure of more

staff funding, even though it is an unknown at this point. In terms of the 2017 levy, President Roe opined that it may not be as robust of a levy until the REDA is able to determine where it's at further down the road.

Member Laliberte concurred with the need to start with process and policies in place. While it all looks good, Member Laliberte noted the need to walk before being able to run.

Member Etten concurred with his colleagues as well, while looking forward a few months to the 2017 levy and addressing one-time things accordingly in the budget, but also making sure the 2017 levy allows sufficient funding to deal with some things (e.g. redevelopment or acquisition) rather than having to be reactionary. Member Etten stressed the importance of making sure the REDA is prepared to start funding some initiatives going forward.

Member McGehee concurred with Member Etten; opining at a minimum the REDA should have \$300,000 to technically cover the first \$165,000 needed in 2016; but theoretically not depleting existing resources; and allowing \$108,000 or more to work with; but no less than \$300,000 as a minimum.

As stated by Member Etten, President Roe agreed with the need to not deplete funds for acquisition. While focusing on SE Roseville, President Roe noted there was much less focus in the Twin Lakes Redevelopment Area; while the REDA may need to face the realities of land cost differentials. President Roe agreed with the points made by his colleagues in terms of a levy, allowing sufficient ongoing operational costs as well as if acquisition or development opportunities come forward before 2016 year-end that may necessitate more funds being needed.

Member McGehee opined that if a unique opportunity came up and that the REDA didn't have sufficient funds for acquisition, there were options under certain circumstances for bonding, depending on the use of those bond funds and bonding authority of the RHRA and/or REDA. Member McGehee asked EDA Attorney Martha Ingram to provide a sheet on what is or is not appropriate for REDA bonding.

President Roe advised that this information had already been provided by Ms. Ingram's office to the REDA.

Ms. Ingram agreed, referencing memoranda prepared that clearly identified the powers of the REDA and RHRA, including bonding authority. As noted by President Roe, Ms. Ingram confirmed that the REDA could also borrow funds from the City's General Fund rather than levying specifically for it.

President Roe noted the City's ability to use its Port Authority as another option; but noted the need to have policies in place before doing so.

President Roe identified apparent next steps for the body as recognized:

- A) Develop Policies and Processes
- B) If and when unique opportunities come along, have funds available to take advantage of those situations.

President Roe suggested the REDA may want to consider at 2017 levy that was beyond just keeping the lights on, and determine it was prudent to accumulate funds ahead of time for potential opportunities that might arise.

Executive Director Trudgeon noted 2016 priorities identified in tonight's presentation, and their concentration on policy and costs as identified; and sought feedback from the REDA if they found anything missing or anything they thought should be deleted or deferred.

As far as the \$40,000 allocated for SE Roseville's additional visioning, Member Willmus asked what the city would receive for that money.

Mr. Trudgeon advised that the intent was for a small area redevelopment plan, with different scales possible, from a process using a mix of the Dale Street CDI visioning, listening sessions, and other community engagement option for facilitating the discussion.

Ms. Collins noted the \$40,000 estimated cost represented a mid-range cost for such a small area plan.

Of the things listed that the REDA may want to look at, President Roe opined that the SE Roseville visioning remained an unknown, while the others discussed identified funding from two sources.

Member Etten questioned if the REDA needed a \$10,000 consultant to assist with development of business subsidy policies when staff would be tasked with getting that information together for and with them, in addition to some things the consultant may bring to the table.

Ms. Collins responded that when she first came on board in the Community Development Department, her predecessor had left correspondence with Springsted showing eight examples of business subsidy policies. Ms. Collins noted there were a variety of options out there, and one or more of those models could be used to model and tailor one specifically for Roseville. However, Ms. Collins noted that depended on the degree of incentive policy put together by the REDA for those consultant services. Ms. Collins opined she didn't think it would cost \$10,000 for that consulting fee, but had identified the maximum amount to ensure the REDA received a quality product.

As noted by Ms. Collins, Mr. Trudgeon noted some documents were available; but advised that the issue may be more a timeliness issue if relying on staff to put that information together in addition to their day-to-day workload. Mr. Trudgeon noted if relying on a consultant, the product would be available for the REDA sooner than depending on staff to prepare it; anticipating it could be available later this summer if a consultant was used to expedite the process.

Member Etten recognized staff time; but wondered if it would actually be quicker to use a consultant when they needed time to familiarize themselves with Roseville and its needs, representing a learning curve for them. For example, with acquisition and redevelopment, Member Etten noted they would need to meet with staff and the City Council. Member Etten questioned if there was staff capacity to perform the work, since they already had many of the tools in place that could be inserted in a draft document for review; as well as using those previously-referenced models and information or examples from other cities.

Member Laliberte stated she had been thinking along the same lines as Member Etten. Member Laliberte opined that sometimes when using so many consultants, staff spent their day managing those consultants. Councilmember Laliberte noted her opposition to staff spending their time managing consultants.

Member McGehee suggested that staff distribute some of the standard boiler plate documents they already had available to the REDA as a group and allow individual members to do their mark ups, and then have staff incorporate them into a draft document. Member McGehee opined this would provide REDA input and save staff time from presenting a document that was then marked up again; and provide a reasonable idea of the community and how the document should be tailored. Member McGehee noted it appeared that individual REDA members were of a similar mind and suggested that this approach may save time for staff and legal counsel in their review of a draft document.

Member Willmus stated he had a different viewpoint than that expressed by his colleagues. Member Willmus opined that the policy or acquisition policies are two of the most critical pieces for the REDA. Therefore, if it was to be done in-house, Member Willmus asked that staff be up-to-speed and in place to do it to the highest and best level possible, without losing sight of their current work obligations, or what might be the trade-off or what had to be tabled until this was accomplished. Member Willmus reiterated his desire to nail these two items down within the next six months if not sooner.

If considering a joint editing process, President Roe expressed concern that something could be missed that an expert in the field could bring into the conversation and process. As an example, President Roe referenced the recent tree preservation and PUD ordinances and the consultant used by the city, and

that firm's expertise and ideas that the city may not have been aware of that were incorporated into the end product, making it better. President Roe noted this allowed a process without getting bogged down in editing detail; and expressed his appreciation for having a range of possibilities or bullet items provided for the body to choose what they liked or didn't like, and then incorporate that into the policy. President Roe opined that putting that responsibility on staff given their other workload, was unreasonable; especially when recognizing that the estimated \$10,000 cost for each policy was a maximum amount identified by staff.

Councilmember Laliberte sought clarification as to whether it was perceived that these were two separate amounts and two separate consultants.

Ms. Collins noted the similarity of both priorities; and opined that she thought it was possible to find a consultant with expertise to accommodate both. Ms. Collins also noted Roseville staff's relationships with numerous consultants who already know Roseville well and have good working relationships with city staff. Ms. Collins agreed that staff would need outside assistance with the SE Roseville and comprehensive plan update, but noted with staff's ongoing relationships with numerous consultants on a variety of topics and policies, expressed confidence that someone would be readily available to assist the city. Ms. Collins agreed with Member Willmus that if these policies served as the foundation for the REDA moving forward, someone outside city staff would be better to make sure all areas and incentives were investigated to inform the process to the best of everyone's ability.

Member Etten noted he felt push back, but as he reviewed the amount of time needed to review consultants to provide a broader level of experience, he asked how much time – by staff and the REDA – would be required for the request for proposals (RFP) process and interviewing to find the right consultant. Member Etten asked if the specificity needed to develop these policies was already under the city staff's capabilities.

In response to the references to the tree preservation and PUD processes and efficiencies of the process, Member McGehee stated she liked those aspects, opining it was some of the best work done yet for the city. Based on that consultant's broad understanding of the process and the broader metropolitan area and viewpoint, Member McGehee stated that was the style she liked; and expressed her interest in getting that started sooner rather than later.

President Roe agreed that had been a good experience.

Member Etten agreed with the good process; however, he noted it took 3 or 4 months of back and forth. While appreciating the format and end model, Member Etten noted the timeframe in the remaining months of 2016 or early 2017 was his concern to get it done sooner rather than later.

Member McGehee suggested the REDA may need to lean on the consultant to expedite that timeframe and process.

President Roe noted that process may have also been delayed due to involvement and public hearings by the Planning Commission and their monthly meeting schedule. However, President Roe noted the REDA could set their meetings as frequently as they wanted. President Roe suggested it was valid to have something reported back to the REDA by staff for a consultant and associated cost; and then to re-evaluate it at that point.

Mr. Trudgeon agreed with the REDA that the most immediate priority was to work on policy development now, and then go forward. Mr. Trudgeon assured the REDA that staff was fully behind and supportive of the REDA's direction; opining that was the most important foundation for where the REDA went from there.

From his perspective, President Roe opined that market research was right behind that initial priority, while other things may fall into place (e.g. research and policy development).

Members McGehee, Willmus, Laliberte and Etten agreed that from their perspective, research was less of a priority.

Member Etten suggested research could be downloaded to someone else.

Without objection, no additional different priorities were identified by the REDA other than those presented by staff.

Executive Director Trudgeon thanked the REDA for their direction; stating staff would get busy as per direction.

As far as the next REDA meeting, Interim Community Development Director Collins noted the timing and logistics for the REDA setting a budget and levy for City Council consideration by August 8, 2016; noting the need for another REDA meeting in July.

c. Continue Housing Programs Discussion

As detailed in the staff report of today's date, Ms. Kelsey reviewed housing and economic development strategies developed by the RHRA and those programs having received direction from the REDA to continue for now. Ms. Kelsey provided staff's analysis of funds needed for the remainder of 2016 and projected funds for 2017, seeking additional guidance and direction as indicated.

As for the home improvement workshops, Ms. Kelsey noted there was no budget for 2016 or 2017, as Ramsey County was seeking financial supports if possible to continue them at the library, if the REDA chose to continue them.

As for other housing incentive programs in the area, Ms. Kelsey advised that most of them are income-qualified; and noted it had been a decision of the RHRA to not use that qualification, but to base it on Roseville's desire to target increasing values for its median-valued housing stock, with the hope to allow major expansions of those existing homes.

Ms. Kelsey identified programs yet to be reviewed for further consideration and/or modification by the REDA (pages 2-3, lines 120 – 70).

At the request of Member Willmus, Ms. Kelsey confirmed that loan programs were limited to homesteaded properties; and that they had to be owner-occupied.

Member Willmus noted at some point, interest rates were going to pick up; and expressed concern that the REDA's fixed interest rates be reviewed periodically annual basis, and asked how far below market the current 3% rate was. Member Willmus asked if the rates were currently reviewed annually or how often, opining that if rates increased, he didn't want the city to be caught unaware.

Ms. Kelsey advised that it was approximately one-half of a percentage point; with the current Wall Street Journal interest rate listed at 3.5%. Ms. Kelsey further advised that rates could be adjusted at any time, with the only impact for staff to convey that information accordingly through revising and updating its handout material for those loan programs it offered. Ms. Kelsey noted, at a minimum, staff brought forward loan programs to review which had been used, how much they had been used, and if any revisions were indicated, including loan rates.

President Roe noted past reference that loan rates be tied to an index, and suggested that needed to be part of a future policy decision for the REDA.

Member McGehee noted a number of things that could enhance a home's value besides just making it bigger, such as updated mechanicals, dry basements, insulation, etc. Member McGehee stated her preference to emphasize those possibilities other than only aesthetic upgrades. Member McGehee noted many people were able to afford a smaller home, and suggested tying loan programs to median values or lower, but allowing more flexibility beyond square footage as part of the loan process.

President Roe clarified tonight's discussion was not to apply additional details for loan programs, but suggested that could be part of future policy discussions for the REDA.

Member Willmus noted the initial interest in tying the loan programs to square footage was to capture additional tax receipts.

Ms. Kelsey concurred, but noted that some communities with smaller homes similar to those in Roseville were enhancing homes to make them more desirable to a new buyer in today's market and in the interests of today's families (e.g. family rooms).

Member Etten asked for an explanation (bottom of Attachment B) related to borrower total costs and the costs paid by the HRA.

Ms. Kelsey advised that from 2009 – 2014, the RHRA had been paying for all loan origination fees for RHRA loans; but in 2014, they had decided to no longer subsidize origination fees, since the city already paid for Housing Resource Center (HRC) building inspection fees to meet milestones to close on those loans (e.g. energy audits, etc.) and to meet that \$12,000 contracted rate.

While not remembering that part of the RHRA discussion, Member Etten opined it was important for an applicant to have some skin in the game upfront, and based on the interest rate discussion and meeting minutes from the previous meeting and his corrections to their wording, he noted his whole concern was to have a loan program in place that allowed improvements to happen. Member Etten noted part of that was removal of the income cap; and suggested the important thing and purpose for the city was to make Roseville homes of higher quality rather than for the city to make money. Member Etten noted that most of the loan programs already had money in the bank and should continue to incentivize investment in housing stock; but if the loan interest rate was comparable or too close to the private financial market, it would no longer prove viable.

To counter that comment, Member Willmus opined that he wasn't sure Roseville or its EDA should compete with private sector banks, noting the City of Shoreview consistently based their loan program rates on the Wall Street Journal's reported prime rate plus 2%).

Ms. Kelsey noted the City of Shoreview also forgave the loans after 10 years of ownership.

At the request of Member Willmus as to how much higher usage the loan programs had received after their most recent revisions by the RHRA, Ms. Kelsey referred to Attachment A showing activity levels. Ms. Kelsey advised

that staff provided information on available loan programs several times a year.

Member Willmus requested more information on the four loan applications that didn't move forward; and also asked for any changing data from those other communities listed in Attachment B. Member Willmus asked if activity was more about the economy versus interest rates.

Ms. Kelsey offered to gather that information on other communities for the next REDA meeting, but noted their activity was similar to that seen in Roseville. Ms. Kelsey further reported that the City of Fridley had just modified their loan program and was now seeing an uptick in applications, while it had similarly been comparable to that of Roseville's activity. Ms. Kelsey noted the City of Little Canada was prepared to follow Roseville's lead on their loan programs. Specific to the four loans not going forward, Ms. Kelsey reported that one wanted more than \$40,000, one didn't qualify for loan to value on the home, and two decided against doing the improvement. Ms. Kelsey advised that this information was available to staff from the HRC on a monthly basis.

Member McGehee noted that part of the value these loan programs for long-term Roseville residents was to use these funds for health-related reasons such as universal design to allow them to age in place versus increasing their overall property values, even though that may be a result as well. Member McGehee reiterated her interest in keeping those options at the forefront to provide incentives for people to improve their homes.

Specific to loan to value at 115%, President Roe noted Roseville's program already allows loan to value higher than the private loan market, offering something different than the private market. President Roe noted that looking at the interest rate may also be a factor in this type of loan rather in addition to being able to borrow more money.

At the request of Member McGehee, Ms. Kelsey confirmed that this loan program also works for those on fixed incomes, but noted loan programs through Ramsey County offered better options based on income-qualifications, deferred loan funds, and forgiveness of loans after ten years.

At the request of Member Willmus, Ms. Kelsey clarified that any government entities get second or lower positions on loans; and noted the city had yet to have a loan default.

d. Move-up Housing Discussion

Ms. Kelsey reviewed move-up housing opportunities and initiatives as part of Roseville's 2016 priority plan as detailed in the staff report and Attachment A. Ms. Kelsey noted the first Wheaton Woods building permit application had

come in earlier today. Ms. Kelsey sought direction from the REDA as to the range for move-up housing, currently valued at \$350,000 or above.

Member Laliberte noted this went back to previous conversations, and expressed her interest in seeing the city get interested in transitional housing, even though uncertain of that home value, but homes requiring less maintenance but not at the end of the spectrum for senior living options. Member Laliberte opined this was another category in which Roseville didn't have enough housing stock.

Member McGehee noted elderly people wanted to live where it was convenient for them; and opined that Roseville offered the right location and the right amenities. Member McGehee agreed with Member Laliberte about the smaller, reasonably-sized homes on smaller lots as desirable. Member McGehee opined that Roseville had many areas with smaller homes on smaller lots that needed upgrades providing many opportunities for people to do so.

e. Review Medium and High Density Housing

Regarding the comments of Members Laliberte and McGehee, Member Willmus asked if the Wheaton Woods model home was a larger model than those originally planned. Member Willmus stated he was struck at how large it seemed, and asked if the empty nester client was who that developer was seeking; and asked what the actual square footage of the model home was.

Ms. Kelsey responded that the model home's main level was 1,250 square feet, and if the lower level is finished, it adds another 1,400 square feet.

Member Willmus opined that may be considerably bigger than the square footage being sought for transitional housing.

President Roe suggested it may mean the REDA needed to develop more specific targets or a zoning subtype.

Member Willmus stated he didn't want to deter that size if that was what the market was, but if the city intended to tweak zoning and residential square footage, it may be good to consider a subset for medium density residential (MDR).

Member Laliberte stated she was very excited about the Garden Street Station development, but noted the prices were much more than expected, especially by residents, and suggested some of those residents may be lost as a result of that increased cost. Member Laliberte noted the price points were coming in very high and were not in line with those looking to downsize.

Member Willmus noted housing products were related to their square footage.

Member Laliberte noted people like certain areas but some of those areas had pricey housing too. Member Laliberte questioned if \$300,000 - \$400,000 was a price point for transitional or downsized housing stock.

In considering his own parents and others seeking to downsize, Member Etten stated he was struck with the price point that came out of this development, noting the prices were easily \$100,000 - \$200,000 more than the value of their current homes. Member Etten opined that such a significant jump up was the wrong direction, and that these residents were not looking to add a mortgage to their retirement years. Member Etten reviewed various sites on the MDR maps provided by staff and areas identified as MDR areas in which it would be hard for these residents to purchase a home. Since this transitional type of home seems to be in great demand, Member Etten suggested the REDA encourage that as a goal for future housing stock.

Member McGehee stated her preference to see MDR without a homeowners association, noting there was a whole section of Roseville with small, two to three-bedroom homes and one-car garages with modest prices. Member McGehee suggested there was nothing to preclude someone from looking at them for empty nest transitional homes and then upgrading them to their likes, but still having smaller footprints and smaller yards to care for. Member McGehee suggested there were a number of them available in Roseville that could be made up to a buyer's specifications by using a REDA loan product for that upgrade rather than depending on new construction options.

President Roe suggested there may be residents in those homes who are ready to move on to transitional homes, some interested in doing an update before moving out and others allowing the buyer to do the project when they purchase it. President Roe noted that some challenges are found in smaller, older homes, especially with steeper, narrower stairways than desired by older residents; and perhaps creating more difficulties in correcting them with that type of housing stock.

Member Laliberte noted many of those homes identified were being used as starter homes for those moving from St. Paul to a first-ring suburb such as Roseville.

President Roe noted that was part of the current market and housing moving again. President Roe noted his interest in Wheaton Woods and the restrictions placed by the city on their footprints, resulting in creative solutions by the developer, as well as other design standards recently adopted by the city (e.g. no garages forward of main structure).

High Density Residential (HDR)

President Roe sought input for how to approach transition from HDR to MDR.

Member Willmus expressed his interest in pursuing that transition; referencing former Community Development Director Paul Bilotta's presentation on paring down what was currently zoned HDR.

Ms. Collins clarified the acres identified by Mr. Bilotta had consisted of 57.8 acres of existing HDR zoned areas throughout Roseville, while only approximately 18 acres were required by the Metropolitan Council for such designation, as noted by Member McGehee.

President Roe suggested the REDA decide what they wanted regardless of the requirement. President Roe suggested starting with the properties on the south side of County Road C in rezoning from HDR.

Member McGehee sought to verify the number of acres for HDR needed for the 2040 comprehensive plan.

Ms. Collins reviewed the options guided by units per acre or total acreage for MDR and HDR.

President Roe reviewed existing MDR identified as currently undeveloped MDR at 9.8 acres; with 10.3 acres identified as potentially suitable for rezoning; with HDR and Institutional uses separated.

Referring to the map, Member Etten noted his difficulty in defining what is currently zoned HDR but developed as a different use. Member Etten noted it would be easier to identify areas to change zoning from HDR versus those with a current and different use (e.g. strip malls) in determining those areas to consider a different designation.

President Roe noted there weren't too many undeveloped sites, other than at the southeast corner of County Road E and Dale Street, and several other open areas as shown on the map in the northwest corner of Roseville.

Ms. Kelsey noted another area were those single-family homes at County Road C—2 and Highway 88.

Member Etten identified another unique property at Rice Street (surrounded by Roseville Estates apartments) currently zoned HDR that needed cleaned up in the upcoming comprehensive plan process, including other areas that are or are not developed.

President Roe questioned if the previous 2010 rezoning effort had inadvertently moved HDR for the entire site without taking into consideration the gas station property.

Member Etten noted additional information could be gleaned through a great option for a tour, such as done by the RHRA prior to their dissolution.

For those properties guided HDR, Member Willmus noted the need to consider the different uses that entailed as well. If the REDA decided to step back from HDR and create more MDR parcels, Member Willmus opined a lot of these parcels may have other uses on them, but would need guidance for future uses.

Member Etten stated his understanding of that consideration.

President Roe recognized that transitioning from HDR to MDR would involve guiding those parcels for other zoning and uses.

Member McGehee stated she had never been a fan of HDR-2 zoning designations.

Ms. Kelsey referenced Attachment C and parcels east of I-35W and north of Cleveland Avenue (Cherrywood Point) currently designated HDR-2. Ms. Kelsey clarified that there were a few parcels designated HDR-1, but meeting HDR-2 designation but not rezoned through the comprehensive plan amendment even though at a higher density than currently allowed.

Ms. Collins noted Associate Planner Bryan Lloyd had alluded to that in his initial overview of comprehensive plan update discussions.

President Roe noted the current comprehensive plan had one HDR designation overall.

Member McGehee stated her primary objection for HDR-2 was maximum allowed heights in some places, as well as maximum impervious surfaces; but noted in principle she didn't have opposition to HDR-2 if not allowing for an unusually tall structure covering all the space.

President Roe noted that as rezoning and individual applications come forward and part of the comprehensive plan update process, changes to height limitations could be changed in the plan itself or other parts in a particular zone. President Roe suggested those discussions be held before rezoning any existing HDR-1 or HDR-2 parcels, recognizing that rezoning isn't done before updating the comprehensive plan. President Roe suggested doing it all as a package deal.

Executive Director Trudgeon concurred, clarifying the need for timing of that with comprehensive plan process and the need to do so soon if that was their desire, or whether to let the process go through to add more MDR properties.

President Roe noted that the Interim Ordinance (moratorium) had already expired, and new applications for HDR could start coming in any time now, and along with the comprehensive plan process.

Member Willmus suggested being more aggressive and dialing back HDR-1 or HDR-2; and consider cutting that zoning designated acreage by at least half.

President Roe suggested not concentrating on those commercial properties zoned as HDR as much as those parcels that are vacant or possible for housing since the commercial properties are generally healthy businesses; and to do so sooner rather than later.

Discussion ensued as to overall rental housing stock in Roseville, and the percentage that is single-family; with some misperceptions as to the actual number of single-family rentals and their balance, and owner-occupied rentals, single-family and multi-family rentals, compared to other housing stock.

Executive Director Trudgeon advised staff would get updated and accurate information on the city's housing stock to the REDA for future reference, with data available based on rental registration information.

President Roe noted that, while the city could seek a certain percentage and type of rental, demand was often dictated by the market as well.

Member Laliberte stated her preference to consider work on the HDR zoning areas now versus as part of the comprehensive plan.

Without objection, President Roe confirmed this was the preference as well for the remainder of the REDA.

Member Etten suggested first reviewing empty or potential single-family properties with potential immediate turnover, noting one in particular directly across the street from City Hall, and zoned HDR. Member Etten expressed his interest in focusing on those parcels now.

Without objection, President Roe directed staff to identify those properties and arrange for a tour, followed by a discussion on those sites.

Member Willmus suggested a target based on acreage, reiterating his preference to cut the current HDR acreage designation in half if found reasonable to do so.

Executive Director Trudgeon advised staff would bring that information back to the REDA.

President Roe asked that staff clearly identify the properties.

Discussion ensued as to whether a physical tour or a Google Earth tour of HDR sites would fit schedules better; as well as considering the public's involvement in the discussion and review.

President Roe suggested this could be a City Council discussion rather than an REDA discussion.

8. Adjourn

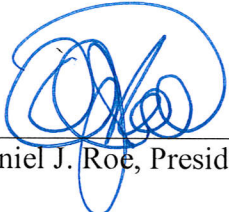
Etten moved, Laliberte seconded, adjourning the meeting at approximately 5:11 p.m.

Roll Call

Ayes: McGehee, Willmus, Laliberte, Etten and Roe.

Nays: None.

Motion carried.



Daniel J. Roe, President

ATTEST:



Patrick J. Trudgeon, Executive Director