



Minutes
Roseville Economic Development Authority (REDA)
City Council Chambers, 2660 Civic Center Drive
Monday, March 8, 2021 – 6:00 p.m.

*Pursuant to Minn. Stat. 13.D.021,
Economic Development Authority members, City Staff, and members of the
public participated in this meeting electronically
due to the COVID-19 pandemic.*

1. Roll Call

President Dan Roe called to order a meeting of the Roseville Economic Development Authority (REDA) in and for the City of Roseville at approximately 6:00 p.m. Voting and Seating Order: Groff, Willmus, Strahan, Etten, and Roe.

Present: President Dan Roe and Board Members Robert Willmus, Jason Etten, Wayne Groff, and Julie Strahan.

Others Present: Attorney Martha Ingram, Executive Director Pat Trudgeon, Assistant City Manager Rebecca Olson, Community Development Director Janice Gundlach, and Housing & Economic Development Program Manager Jeanne Kelsey

2. Pledge of Allegiance

3. Approve Agenda

Strahan moved, Groff seconded, approval of March 8, 2021 agenda as presented.

Ayes: 5

Nays: 0

Motion carried.

4. Public Comment

5. Business Items

a. Retail Market Report – Mark Robinson, Mid-America Real Estate

Community Development Director Janice Gundlach provided a brief summary of this request as detailed in the staff report and attachments dated March 8, 2021.

Mr. Mark Robinson, Mid-America Real Estate, presented the Retail Market Report to the EDA.

Member Etten asked what the sense is in the market for when retail will recover.

Mr. Robinson indicated this is a question his company is asking itself daily. He was not sure if anyone knows the answer definitively, but he thought consumer patterns had shifted.

Member Strahan indicated in looking at large retailers that have had closures with big open spaces, it is not necessarily the most prime real estate for other developers, and it seems like the things coming on to the market, especially for Roseville, are a lot of independent restaurants and things that are a little more niche. She thought the things that are ready to open are new restaurants, she wondered if Mr. Robinson has seen any of the large store spaces being redeveloped into other specialty stores or is there a market that should try to be tapped in that regard.

Mr. Robinson explained regarding the space size, it was always and will continue to be an issue because everyone has become more efficient and the typical retail space is around twenty feet wide by sixty feet deep, amounting to 1200 square feet. If it goes larger than that it is more difficult because the rent continues to go up and not much retail uses for spaces larger than that. He thought landlords will have to get more creative in what they do. As far as the chain restaurants versus independent, he thought the consumer patterns have shifted dramatically and the younger generation do not want to go to the chain restaurant and want a unique experience. He thought Roseville was in a good position with demographic density and location to workforce office population. Roseville will also see some of the fallout from Minneapolis/St. Paul, which are more difficult to do business in. Brokers, tenants, and landlords are baffled as to what to do in Minneapolis and St. Paul with civil unrest and other policies that are going against business and landlords which makes them not want to do business in those cities.

Member Willmus explained the federal government has been fairly aggressive in controlling interest rates over the last few years and as that starts to be less aggressive and rates start to normalize with what is going on in the market, he wondered what Mr. Robinson saw in terms of any forecasting with respect to vacancies. He thought this had started to stabilize but wondered if any fluctuations have been seen with interest rates.

Mr. Robinson indicated he tracks this closely daily in the capital markets and thought it was tough to say because it is a trickle-down effect. From a consumer spending standpoint, everyone has money they are throwing around and so they are able to take the throttle off a bit. With retail spending he was not sure anyone knows because it has been so long since that has been seen. In his world, as far as capital markets go, it has allowed cheap mortgage debt with inflated prices. Now they are getting unsophisticated buyers sometimes that are overleveraged.

President Roe asked if landlords would try to break down the larger retail spaces to get the smaller tenants in or does the landlord try to seek out larger retailers.

Mr. Robinson explained it is really expensive to break down a large retail space. Often times the landlord will sit on the space for quite some time. Another issue is sometimes the depth of the space is too much to make it into smaller retail spaces.

Member Groff asked if Mr. Robinson saw the large anchor stores disappearing.

Mr. Robinson indicated his company does a lot of work for the larger retail companies and the discount retail companies are winners during the pandemic but by and large, from a total size standpoint, the larger retailers are downsizing, and the department store is basically no more. He thought the sentiment is that everyone is going to get much more efficient.

President Roe thanked Mr. Robinson for the presentation.

b. Discussion Regarding Future Requests for Public Finance Assistance in Support of New Multi-Family Housing

Community Development Director Janice Gundlach provided a brief summary of this request as detailed in the staff report and attachments dated March 8, 2021.

Assistant Fire Chief Brosnahan explained the Fire Department is supportive of rejuvenation, development, and redevelopment in Roseville and thought it was a great opportunity to grow the community. He indicated the Fire Department looks at this from four different directions, both fire response, emergency medical services, prevention, and inspections as well as emergency management. He noted things have really changed in emergency management and the way it is handled in the community. He reviewed yearly Fire Department calls.

Deputy Police Chief Adams echoed what Assistant Chief Brosnahan stated. He reviewed some recent calls with the EDA.

Member Strahan indicated she was frustrated to learn that there was not a per person allotment of public safety. She wondered if there was some sort of calculation in the general vernacular that supports an allotment. She knew this was not something the City was currently doing but wondered if it was something that could be taken into consideration when the City agrees to take on another five-hundred-unit development.

Deputy Chief Adams explained the Police Department does not currently have something like that in place but obviously, they are not in uncharted territory with some other suburbs in the Metro Area experiencing rapid growth.

President Roe explained this was brought up in the past and even then, it did not seem like there was that kind of information more broadly in the industry, like nationwide. There really is not a magic formula to use to determine an allotment, which is challenging for lawmakers. He thought the industry was still trying to figure that out.

Member Strahan thought they would be remiss if they did not add two really important pieces to the why that Ms. Gundlach mentioned. In education, she has had multiple people reach out to her in the last few weeks asking about the educational considerations of all of the people who are going to be in those buildings north of County Road C and that is not something that will need to be taken into account by District 623 but it is still something that will affect the City and the Mounds View School District and we want to make sure that they know how those kids will be educated and how they are going to fit into a school building for taking on that many new people. She indicated there are transportation requirements, especially if considering a thirty percent AMI in that area. People may have less dependable access to transportation and she thought in the Why, they really cannot omit those two really important pieces.

President Roe agreed and one of the thoughts that came to mind is that the School Districts do receive part of their funding on a per pupil basis. He indicated both districts have a lot of capital building as well as capital planning and he did not recall what was involved in their analysis of that. He hoped it looked at some of the trends in housing and population in all the district communities.

Member Strahan thought it was important and good to keep looking at the whole picture of what the development means for the City. If it is overtaxing the police and fire and mental health resources that support the two units, and if the City is not looking at what kind of impact it has on education, she thought the City is looking very unilaterally and it really needs to be looked at as a holistic problem.

Member Willmus stated when looking at housing, particularly multi-family housing, the vacancy rate is certainly something that should be a part of the conversation because it is a very good indicator as to what the City can utilize to forecast with respect to market saturation, etc. As the City starts to see vacancy rates tick up significantly, he thought it was incumbent upon the City to step back and evaluate if they are going to continue forward and provide subsidy for development of certain types of projects when there is potentially overbuilding. He thought this was great and he was appreciative that Community Development has brought this to the EDA. He wondered what sector of the housing market the City is missing. He thought this presentation looks to that and identifies and targets a couple of areas where the City should focus and other areas where the City should not focus. He explained privately funded and built projects certainly can continue to go forward but as a City, he

wondered if they should be offering public assistance for the type of unit that they know the City may already have an ample supply of within the market. He also wondered, as a City, should they identify areas where it is seen there is a need and focus their efforts, in terms of assistance, in those areas.

President Roe stated from the report received with vacancy rate information, he did not know if they could say, at this point, that they are getting to that saturation point, at least looking at the look back data presented. Mayor Roe suggested he is supportive of a combination of recommendations related to supporting smaller developments going forward, except perhaps being conscious of the needs of the in-progress planning for Rosedale and the PIK property.

Member Willmus commented if Rosedale is not going to come forward and build the type of product that the City is currently seeing a need for in the community, why would the City artificially support that through various assistance. Doing so, at the potential expense of being able to provide and help offset development costs for an area they are seeing a need.

President Roe agreed with that, noting it was the reason he was suggesting alternative ways to support what is going on at Rosedale, rather than specifically on the Housing TIF side. He noted Housing TIF has to be affordable, and he did not see affordability as a part of Rosedale's plans. Something he would add is one of the things that came up in discussions with the Met Council Land Use Advisory Committee, was the barriers to entry into the marketplace for smaller developers that are owned by people of color and things like that. Because those costs of making plans and getting the analysis done and upfront costs can be quite hard to finance for a smaller organization. Those are the types of projects that also meet the affordability need where the City can make more of a difference, not just specifically on units and affordability, but also in a broader business world and marketplace.

Member Strahan appreciated President Roe's comments about the businesses of color and smaller organizations. She thought some consideration could be given to adding the DEI perspective that was talked about in the RFP for recycling. If the City wants to put their money where their mouth is maybe it could be built into some of the other components of the City and how it looks for proposals. She strongly supported and thought it was a great idea to look at ways to utilize that. As far as the thirty percent AMI, she echoed Member Willmus' desire to work toward that as it is something in need City area wide. She would be strongly in support of a supported housing unit with access to people who help them to retain their space within that. If there was a thirty percent AMI, maybe setting aside certain spots for veterans and other people who tend to have known issues with staying housed stably and just providing some additional supports to others.

Member Groff agreed. He thought if the City was going to the thirty percent AMI, then they need to be careful to do that correctly and as needed. He thought successful developments like that have incorporated mental health professionals and social workers and employment type of services onsite from time to time and available so these people can be successful in transitioning from homelessness to being housed. He also wondered if the EDA should be addressing environmental issues more and if there was a way to incorporate that, people would be more likely to receive some sort of assistance if they had charging stations for electric vehicles, planning for solar, and trying to reduce its carbon footprint. He thought all of those issues are important and people in Roseville are asking for that more and more. He was not sure if this was the right place to put it and he did not see it in any of the documents, but he thought those are issues that need to start being addressed if they are going to be an Economic Development Agency that is successful in the coming decades and to get their carbon footprint down.

President Roe noted in City policy and one of the things that is looked for, is green-type building and maybe the EDA could enhance that or look at it more.

Member Etten supported expanding the green initiative. He did not want the City to be supporting too many new developments, certainly things the City has a lot of right now. But he would support continuing funding or financing for something around the thirty percent AMI or that has a mix of that with a strong percentage of thirty percent AMI. He agreed with the cap of fifty or one hundred units.

Member Strahan added that the City should also consider impervious surfaces as the developments are looked at because there is an amazing rate of impervious surfaces in Roseville compared to other like-sized cities.

President Roe thought smaller development size made sense as well because that is where those smaller developers can get opportunities.

Member Groff thought it was good to step back and look at how this all works for maybe a year or two, especially for the Police and Fire Departments, and then look at things again.

Ms. Gundlach recapped the discussion with the EDA and indicated staff would incorporate changes. She did wonder if the EDA considers tax abatement the same as tax increment.

President Roe did not think it was technically the same thing but was being viewed the same way by at least one member.

Member Willmus explained he would view tax abatement as potentially more detrimental for the community than Tax Increment Financing (TIF).

Member Groff agreed with Member Willmus' statement and would look at that as the last resort.

President Roe thought that was the general view of the EDA as well.

President Roe offered an opportunity for public comment with no one indicating a desire to speak to this issue.

c. Authorize Amendment to Contract for Private Redevelopment with 2720 Fairview MKT, LLC, (Tareen Dermatology) In Support of the Epilepsy Foundation of MN Lease.

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated March 8, 2021.

Member Strahan indicated she was going to recuse herself from this item due to the perception of conflict of interest.

President Roe offered an opportunity for public comment with no one appearing to speak to this issue.

Groff moved, Willmus seconded, adoption of REDA Resolution No. 78 (Attachment A) entitled, "Resolution Authorizing First Amendment to Contract for Private Redevelopment between the Roseville Economic Development Authority and 2720 Fairview MKT, LLC."

Member Groff indicated this was discussed earlier and he thought it was to bring good police into the City and to cover environmental issues as well.

Ayes: 4

Nays: 0

Abstention: 1 (Strahan)

Motion carried.

d. Adopt Resolutions of Support For CDBG/Home Fund Applications To Ramsey County For Twin Lakes Station Senior Housing, PIK Properties Senior Housing, And Marion Street Greenway Trail Connection To Lake McCarrons.

Housing and Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated March 8, 2021.

President Roe offered an opportunity for public comment with no one appearing to speak to this issue.

Willmus moved, Etten seconded, adoption of REDA Resolution No. 79 (Attachment E) entitled, “Resolution In Support Of Application By Roseville Leased Housing Associates II LLLP For Ramsey County Community Development Block Grant/Home Investment Partnership Funds, For The Development Of Harbor At Twin Lakes.”

Ayes: 5

Nays: 0

Motion carried.

Willmus moved, Etten seconded, adoption of REDA Resolution No. 80 (Attachment F) entitled, “Resolution In Support Of Application for Ramsey County Community Development Block Grant (CDBG)/Home Investment Partnership Funds by Roers Roseville Apartments Owner LLC, for the Redevelopment of PIK Terminal.”

Member Strahan thought this was in opposition to what was spoken of earlier.

President Roe indicated his understanding this is specific to Ramsey County funding. Otherwise, apparently, the project seems to have other sources of funding that don’t involve City funding. Therefore, it seems appropriate from the City’s point of view to support additional funding from that County source, knowing that necessarily based on previous discussion and certainly based on what appears to be the case, currently the City is not being asked to provide any additional funding.

Member Strahan wanted to clarify because within the resolution, it makes mention of TIF financing. In the order of operations, this could come back at a later time and request TIF financing. There was some concern about two buildings and the size and also there were no rent restrictions in one of the buildings. She wanted to make sure the City was not looking at giving TIF funding to something that was looking for no income restrictions while the City is supporting them at this point in the game.

President Roe did not believe this resolution made any kind of commitments on the part of the City, other than the support of the application for the Ramsey County funding.

Ayes: 5

Nays: 0

Motion carried.

Strahan moved, Groff seconded, adoption of REDA Resolution No. 81 (Attachment G) entitled, “Resolution Authorizing Application for Ramsey County Community Development Block Grant (CDBG)/Home Investment

Partnership Funds for the Development of Marion Street Greenway Connection.”

Ayes: 5
Nays: 0
Motion carried.

6. Adjourn

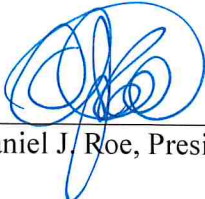
Willmus moved, Groff seconded, adjourning the REDA meeting at approximately 7:26 p.m.

Ayes: 5
Nays: 0
Motion carried.

ATTEST:



Pat Trudgeon, Executive Director



Daniel J. Roe, President