



Minutes

**Roseville Economic Development Authority (REDA)
City Council Chambers, 2660 Civic Center Drive
Monday, May 16, 2022 – 6:00 p.m.**

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: Etten, Groff, and Roe.

Present: President Dan Roe and Board Members Jason Etten, and Wayne Groff.

Others Present: Attorney Gina Fiorini, 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

Etten moved, Groff seconded, approval of the agenda as presented.

Ayes: 3

Nays: 0

Motion carried.

4. Public Comment

5. Business Items

a. Update on Commercial Office Market from Louis Suarez, Senior Vice President with Colliers

Community Development Director Janice Gundlach provided a brief summary of this request as detailed in the staff report and attachments dated May 16, 2022.

Mr. Suarez presented an office market report to the Roseville EDA.

Member Etten asked if there were office types that were stronger or weaker.

Mr. Suarez asked for Member Etten to define types.

Member Etten explained it could be medical versus a general office setting versus something that is able to do manufacturing. He asked if there are differences there being seen.

Mr. Suarez explained what he refers to as a flex office, eighteen-to-twenty-foot clear buildings that may have office in the front, light manufacturing in the back, that product type has been very strong and there is not that much of it falling toward the industrial range. The traditional, multi-story office tower has been slower across the board but he is seeing some of the larger blocks, fifty-to-sixty-foot spaces being done in multi-tenant buildings. He indicated it really does vary and what is being seen in the North Metro across the board are a lot of med device product type which has been really strong and will continue to be very strong. He thought there was opportunity for groups that may have a specialized need with specialized lab requirements and specialized equipment that is harder to retrofit into an existing building. Those are opportunities, he thought, that could be expanded on.

Member Etten asked if there are amenities that are important within the community that the City should be thinking about how those amenities can be provided or how can the City let residents know that the City has these amenities.

Mr. Suarez explained some of the biggest amenities are safety and security. A safe, easy to get to place with walking trails and easy access with good parking and parks as well as quick access to retail and other amenities. Those are the biggest aspects that make it unique. Integrating health and wellness in an out are key.

Member Groff thanked Mr. Suarez for the presentation and thought it was very interesting. He wondered if Colliers works with mental health type of buildings.

Mr. Suarez indicated his company do work on some.

Member Groff wondered where the mental health industry is headed now because during the pandemic, another board he sits on has been dealing with that and adjust as to how the care is delivered and he wondered how the rental is going for the older, Class C buildings or are the buildings being rebuilt out.

Mr. Suarez explained behavioral health, mental health is one of the fastest growing submarkets and the need is not going to go away. What has been seen over the last several years, it is just exacerbated or accentuated what has always been out there and there is that need. He thought the good news was that any stigmas are going away and it is another health issue. The quality of what is needed and the type of building might be different depending on the level of the behavioral mental health. There is a difference between and out-patient clinic and an in-patient. There might be a difference in needs and that need will continue. He thought this will be something that will continue to be a need and he did not see that decreasing but is a benefit to the overall community.

President Roe knew that Health Partners consolidated a lot of clinics and closed some, including one in Roseville that was recently built. He wondered how that

major shift, at least by one of the providers in the industry, has affected the marketplace. He asked if there was too much of a certain type of building or office out there because of that.

Mr. Suarez indicated that came across through all of the healthcare systems and he thought it was tying back to what was right sizing and strategic. He knew that reset happened and a lot that was impacted. Most of those buildings were repositioned or re-resourced or converted very quickly and all happened in 2021. He explained Colliers has clients right now that are looking to find old medical office buildings and a year ago he had three or four options which sold and now Colliers cannot find them anymore because those buildings do have really good renovation because of the infrastructure. Those buildings make great sites for Autism Centers, behavior health, daycare centers. The infrastructure that is in there from the plumbing and everything else has a lot of good creative and adaptive reuse with nice parking.

President Roe asked in general, in terms of the marketplace, especially if there is a need for new construction, if they will be looking for financial assistance from cities for building those type of projects.

Mr. Suarez explained when it comes to medical, it really depends on where. If it is in a suburban city that has a lot of greenfield options, that is one way of going about it and the costs are pretty well straight with a good understanding of what it is going to be and most of those, unless it is a major infrastructure that is needed, sewer or septic or a part of a bigger development, those usually can leverage on their own. A city like Roseville that may have more brownfield or redevelopment, he could see a group coming in with an ask. He noted he did not have any specific developer or healthcare system asking for that now, but he could see that if looking at a site or location that may have been a site that the traffic pattern may need to be changed or something similar because acquisition costs are so high and interest rates go up and construction prices have not gone down, then it becomes unattainable to make it work. That is more on a specialized site or if it is something the City would like to see.

President Roe thought a few years ago there was a trend or mini trend toward ownership office or an office condo type model. He wondered if that was on the radar anymore or is it now pretty much exclusively leased space people are looking for now.

Mr. Suarez explained he has not seen as many office condo development projects. He knew those were really big in the early to mid-2000's. He did not see a huge expansion of this type of model because it is so expensive to build them per square foot and hard to justify.

President Roe thanked Mr. Suarez for the presentation and discussion.

b. 2021 Rice and Larpenteur Alliance Year End Report

Community Development Director Janice Gundlach provided a brief summary of this request as detailed in the staff report and attachments dated May 16, 2022.

Executive Director of the Rice and Larpenteur Alliance and the St. Paul Area Chamber of Commerce, Kim O'Brian, made a presentation to the Roseville EDA.

President Roe noted he was looking at the 2022 bonding bill and it does not appear that the Governor considered Ramsey County's request for the funding for Rice Street. He thought at this point, it is not going to get into this year's bonding bill but he was sure this will be something the advocacy will continue to push for going forward. He also appreciated Ms. O'Brian's mention of the HUD partnership that was fairly recent and caught a little by surprise, noting that will be helpful going forward.

c. Consider Amendments to Revolving Loan Program

Housing & Economic Development Program Manager Jeanne Kelsey provided a brief summary of this request as detailed in the staff report and attachments dated May 16, 2022.

If the request is approved tonight, Ms. Kelsey advised that the next steps would be to adopt a resolution authorizing staff to make amendments to the Roseville Revolving Loan Program based on REDA discussion and direction.

Mr. Jim Hasnik of Center for Energy and Environment (CEE), was also at the meeting to answer questions.

Member Groff asked regarding the home inspection, would that be a general inspection or does it including the sewer scoping and the radon tests.

Mr. Hasnik explained the remodeling advisement visit currently offered does not include radon or sewer scoping. He reviewed the process that CEE goes through when meeting with the potential homeowner for remodeling.

Member Groff thought that lowering the interest rate was a good idea and will be more attractive for applicants. He asked what reasons are being found that the homeowner does not qualify. He wondered if it was the property or income or something else.

Ms. Kelsey explained the reason in the past was that the interest rate of four percent was more than what the current owner can get in the market so now they know what the interest rates have done. Now the interest rates, even with the State programs have also been raised as well because those are bonding at current interest rates for their programs.

Mr. Hasnik explained as far as denials of applicants who are not qualifying for the loan, there have really not been that many people that when they apply have not been eligible. The ones that do not qualify are usually due to credit, past due bills, collections, liens, bankruptcy, etc.

Member Groff asked if his company has credit repair counseling or do they have something else.

Mr. Hasnik indicated on all of their loans they do send out a list of the ten closest home ownership centers. He indicated his company does not do credit counseling but information is provided on where the homeowner can go for that.

Member Groff indicated his concern with the mobile home loan is that he was not sure the people living in the mobile homes are used to borrowing that amount of money and maybe at a little bit of a risk to do that. He wondered if there was some way that could be bridged.

Ms. Kelsey explained at this point, there was one person interested but withdrew. The interest rate is based upon a risk situation because there is no real estate to tie it to. She noted when the loan information was sent out it was also translated into Spanish. At this point, the only reason she would say to put a hold and stay on it is that she understood the County is coming with a program for manufactured homes and is going to be a grant up to five thousand dollars.

Member Etten indicated when looking at taking over the loan origination fee it was mentioned that there would not need to be additional dollars for 2022 and he wondered if that was based on two originations or six. Is it a thought that by making these changes it is anticipated X number of loans to be moved forward.

Ms. Kelsey explained at this point there is a budget of available funds for the loans. She believed there is three hundred fifty thousand dollars out of the current resources, knowing that there have not been any takers in the past, also knowing that with the senior deferred loan it was only fixed so far at this point and there have also been inspections required on each of them. There could be an earmark put on these of limiting how many per year if it got to that.

Member Etten explained he was talking about moving the loan origination fee away from the homeowner.

Ms. Kelsey explained on the current operating budget of the EDA, fifteen thousand dollars was budgeted a year for the home advisory visits and those have not been utilized and have carried forward. It could be limited to keep it in the budget once it is figured out where the program stands financially up to that point.

Ms. Gundlach indicated staff has been working on the preliminary 2023 EDA budget and will be presenting it to the EDA in July. Staff did look at what has been historically spent out of that fifteen thousand Ms. Kelsey mentioned. There is a balancing act between how much money is available in the revolving loan to fund all of these programs compared to the capacity that is available in the EDA levy to take on that origination fee within the existing budget. She indicated she was comfortable saying that the EDA could easily take on five to eight loans to still cover the existing budget in the EDA for professional services for CEE, just by moving that seven hundred and fifty off of the revolving loan fund and onto the EDA levy.

President Roe thought the loan minimum for this remodeling loan made sense because these days, projects do not cost two thousand dollars and will help some projects get done that need to be done on some of the properties. He stated the inspection was helpful and the procedural change to not require the energy audit before the close of the loan will make it work better.

Etten moved, Groff seconded, adoption of REDA Resolution No. 107 entitled, “Resolution Authorizing Staff to Amend the Guidelines for the Housing Revolving Loan Program Administered by the Center for Energy and Environment.”

Ayes: 3

Nays: 0

Motion carried.

d. Discuss Tenant Notification Process

Community Development Director Janice Gundlach provided a brief summary of this request as detailed in the staff report and attachments dated May 16, 2022.

Member Etten thanked Ms. Gundlach for bringing this forward and using the Racial Equity Toolkit for the first time. He was sure it was a lot of extra work and time as the City starts to figure this out and he liked a lot of the framing that the questions forced them to think about and answer. He thought it was a great tool that over time can give the City more information. He noted when thinking about the five percent of renters, he appreciated the acknowledgement that it could be difficult because it will be nearly impossible and that may be a more realistic goal or a floor might be a better way to target this. One thing talks about folks being in geographies and populations and he would rather see a goal around visiting with renters in each quadrant of Roseville and/or with X number of different home languages, things like that so the City is ensuring it is covering and finding folks that would not show up at a regular meeting at a park building. He would rather see a targeting of that type rather than a number of persons because people are not coming to things. This could be considered abstract policy and he thought it will be really hard to find people and would rather target

who the City wants to see and indicate that it is where the goal is built around rather than the total number of people.

Ms. Gundlach thought Member Etten made a great point and something at the staff level she would have loved to put one percent because that is a more realistic goal. But staff is also trying to get software that allows them to access data in a more informed way. She noted getting that data in a form that makes sense for the new program or policy is not always easy. There is another data source the City is looking to get which can allow staff to map things like median household income and renter versus ownership. While the report states two hundred fifty persons, if the City is able to get the data source, staff will use that to target where meetings will be held in the City.

Member Etten indicated he would still like to have staff working with people in the community and target a smaller group of people. He would like staff to engage different key groups at these meetings that normally would not attend, maybe with a translator and snacks.

President Roe explained that going to where people are at and providing multiple avenues to make the connection about the information and answer some basic questions or even provide some basic information to people. It may be that some younger people really engage with a QR code that takes them to a place to fill out a survey and language can be addressed in a variety of ways. He agreed there are connections that can be made perhaps through organizations like KOM and others that represent or connect with communities. Also, thinking about faith communities that the City can connect with as well. He thought this was not just about putting together a meeting in Southeast Roseville, it is about being thoughtful about where the meeting is located and connecting with people to bring an audience to the meeting. He thought it was about being creative in finding ways to make those connections as opposed to scheduling a meeting and hoping people show up. He stated the feedback from the EDA was what staff needed and he would like this referred to the Council for further discussion because it is an Ordinance.

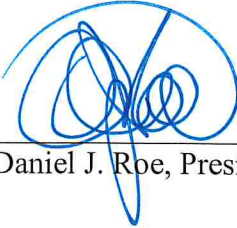
6. **Adjourn**

Groff moved, Etten seconded, adjourning the REDA meeting at approximately 7:38 p.m.

Ayes: 3

Nays: 0

Motion carried.



Daniel J. Roe, President

ATTEST:



Patrick Trudgeon, City Manager