

**MEETING OF THE PEQUOT LAKES
ECONOMIC DEVELOPMENT COMMISSION
TUESDAY, JULY 21, 2020**

- Members Present: Chair Lindholm; Commissioners Holly, Lelwica and Reick, attended virtually via Zoom; Commissioners Becklin and Lubke attended in person.
- Members Absent: Commissioners Crochet
- Others Present: Angie Duus, City Clerk/Treasurer; Jennifer Peterson, Administrative Assistant; Dawn Bittner Zoning Specialist; and Nancy Malecha, City Administrator attended in person; Tyler Glynn, BLAEDC; John Schommer, CWC HRA Rehab Coordinator; and Scott Pederson, Council Liaison attended virtually via Zoom.

1. Call Meeting to Order

The meeting was called to order by Chair Lindholm at 8:00 a.m.

2. Consider Agenda

COMMISSIONER LUBKE MOVED TO APPROVE THE AGENDA AS PRESENTED. COMMISSIONER RIECK SECONDED THE MOTION. MOTION CARRIED 5-0.

ROLL CALL: LINDHOLM – AYE; LELWICA – AYE; REICK – AYE; LUBKE – AYE; BECKLIN – AYE.

3. Approve EDC Minutes

COMMISSIONER RIECK MOVED TO APPROVE THE JUNE 16, 2020 ECONOMIC DEVELOPMENT COMMISSION MINUTES AND THE JUNE 1, 2020 SPECIAL ECONOMIC DEVELOPMENT COMMISSION MINUTES. COMMISSIONER LUBKE SECONDED THE MOTION. MOTION CARRIED 5-0.

ROLL CALL: LINDHOLM – AYE; LELWICA – AYE; REICK – AYE; LUBKE – AYE; BECKLIN – AYE.

4. Workforce Housing Study & Needs Analysis Presentation – John Schommer

Mr. Schommer presented an overview the Crow Wing County Housing Authority (HRA), their mission statement, background goals for 2019-2020, and the programs and initiatives. Crow Wing County HRA is staffed separately from the County and is run by an appointed board through Crow Wing County.

4.1. Workforce Housing Study and Needs Analysis Presentation

Mr. Schommer presented the study. He stating the HRA hired Redevelopment Resources to conduct the study and assembled a task force with community leaders. The study was completed in February 2020 and presented in March 2020.

The Workforce House Study included:

- A thorough review of the county-wide housing market, with special emphasis on middle-income or workforce housing
- Describes the current state of housing, projects future housing needs, analyzes supply versus demand, and also provides recommendations to improve availability and housing choice
- Results offer a basis for formulating community-specific workforce housing priorities, policy alternatives, and strategies
- The study recommends that City leaders should work to create opportunities for affordable workforce housing development within their communities; Crow Wing County HRA can serve as a facilitator to host conversations with leaders to discuss possible solutions
- The final study can be found on the Brainerd HRA webpage at www.brainerdhra.org

Commissioner Reick inquired about the median income of \$20,000 to \$50,000 in the study, is this a couple per household? Mr. Schommer stated that the HRA uses the HUD definition which is a four (4) person household with two (2) wage earners.

Mr. Burslie inquired why the study used a 2,800 square foot home for the construction cost example. Mr. Schommer stated that was just the size that was used in the research for data compilation.

4.2. Residential Financial Assistance Programs in CWC

Mr. Schommer presented the Crow Wing County Housing Trust:

Workforce Housing Assistance Program:

- Designed to promote home ownership in CWC
- HRA will match employer contributions up to \$5,000 towards down payment or closing costs for purchase of a home
- Low interest (equal to current US Federal Prime Rate) 5-year loan

Homebuyer Assistance Program:

- Designed to assist very low, low & moderate income families with the purchase of a home
- HRA will lend up to \$20,000 at zero interest that must be paid back upon sale, transfer, or no longer being their primary residence or expiration of the 30-year term

Rehab Assistance Program:

- Designed to help maintain existing housing so that it's decent, safe and sanitary
- Owner-occupied (must be at or below 115% Area Medium Income (AMI), primary residence and homesteaded, max \$25,000 15 –year, zero percent interest deferred loan payable upon sale or transfer of the home, no longer primary residence or mortgage is refinanced and equity take out and owner contribution based on income level)
- Rental (minimum of 51% units must be occupied by tenants at or below 115% Area Medium Income (AMI), Maximum of 80% of project costs or \$25,000 for single-family home, Multi-family sliding scale as follows: \$12,500 per unit if tenants 81%-115% AMI, \$15,000 per unit if tenants 51%-80% AMI, \$20,000 per unit if tenants 50% AMI or below)

New Construction/Development Financing Program:

- Designed to create and/or preserve affordable housing
- Rental housing development (must maintain affordability for at least 20 years, at least 60% of all units in an eligible housing project must have rents as follows: not less than forty percent (40%) of all the units must be affordable to households whose income does not exceed 115% of Area Median Income (AMI), not less than twenty percent (20%) of all the units must be affordable to households whose income does not exceed 80% of AMI, Rents on the remaining 40% of the units may be set at market value.
- Homeownership housing development (prices must be affordable to households with incomes at or below 115% AMI, maximum loan term of 55 years with simple interest rate shall be prime minus 1%, priority for first-time homebuyers, projects considered based on: benefit highest percentage of low-, very low-, and extremely low- income persons, longest periods of affordability, greatest percentage of affordable units
- Housing linked with services for families and people with special needs including homeless people, disabled people, seniors and people with HIV/AIDS
- Maximizing accessibility for persons with disabilities
- Cost effectiveness of project including cost per square foot, cost per affordable unit, leveraging of other financing, other financing commitments, projects that use program funds as a match or leveraging tool to stimulate the use of conventional and below-market resources, including tax credits, state and federal funding programs, and/or other funding sources. Projects that provide the greatest benefit per dollar for funds spent and projects that have other funding sources identified and committed.

4.3. Workforce Housing Study Recommendations

Mr. Schommer presented recommendations:

- Identify opportunity sites
- Create or enhance a down payment assistance program
- Assist with rehabbing older homes
- Amend tax-forfeited property policy

- Use the Housing Trust Fund to incent new construction
- Host Developers onsite to build interest

Policy & Regulation Recommendations

- Encourage municipalities to expedite development approval process
- Consider flexible, less restrictive zoning to allow for more (and more affordable) housing types
- Explore a premier resort tax to fund housing for seasonal workers
- Grant density bonuses for small-footprint developments

Recommendations for Programs and Incentives

- Work with employers to create a Down Payment Assistance Program to boost home ownership
- Supplement a program to support housing rehabilitation
- Encourage large seasonal employers to provide housing for employees. Encourage them to create a program for roommate and host-family pairing
- Assist small businesses with pooling resources to increase options for seasonal workers
- Incent developers who provide a mix of housing price-points within their developments

Support Development of Creative Housing Types

- Accessory dwelling units
- Pocket neighborhoods
- Co-op housing
- Campgrounds with cabins for seasonal workers
- Dormitory-style housing
- Container homes or tiny-home Villages

Commissioner Lubke inquired about the Small Cities Grants presentation Mr. Schommer gave to the Commission last year. Mr. Schommer stated the Small Cities Grant needs to demonstrate a need and interest for improvements, unfortunately in Pequot Lakes there was not enough residential interest for the grant. The primary focus has to be low income housing but can help with commercial rehab also if residential interest is high enough.

Commissioner Lelwica inquired if the City of Pequot Lakes will apply again in 2021 for the Small Cities Grant. Ms. Duus stated that the City will try again next year for the Grant. Mr. Schommer stated that the HRA would like to help the City with the process again for 2021.

5. 2021 Economic Development Preliminary Budget – Angie Duus

Ms. Duus gave the overview of the 2021 preliminary budget along with the 2020 actual, used and variance.

Commissioner Lubke inquired what the remaining \$5,000 will be used for and if not used will it just go away. Ms. Duus stated it will go back to the General Fund

if not used. Chair Lindholm stated the EDC will need to think where we can utilize the \$5,000 within the next 5 months.

Commissioner Lelwica stated she and Mark Jurchen are working on the possibility of creating a program and/or incentive for builders to come into Pequot Lakes for rehabilitation or new home builds.

6. School Update

Chair Lindholm stated plans for fall are coming together. The school has three options: in school full time, distance learning, and a hybrid model (50% capacity/distance learning). There will be a lot of communication between parents and the school within the next 3 weeks.

Commissioner Becklin inquired about athletics for fall. Chair Lindholm shared the School District hired an athletic director, Byron Westrich and the School will follow lead of governor as to what the process will be for fall sports.

Commissioner Lubke commented that the community is very lucky Mr. Lindholm is the Superintendent at the PLSD, kudos to you for all you do. Chair Lindholm stated it is a team effort with the principals and board.

7. Chamber Update

No Update

8. BLAEDC Update

Mr. Glynn needed to log off early to go to another meeting. He will provide a written update to the board later today with BLAEDC's updates and an update on CARES Act grant funding program that we are working on.

10. City of Jenkins Update

No update. Thank you for the support on my League of MN Cities Board of Directors application.

11. Other Business

Mr. Pederson stated the City has hired David Drown to start the hiring process to search for a new City Administrator and the plan is to have this person in place by the end of 2020.

11. Adjournment

There being no further business, the meeting adjourned at 9:13 a.m.

Respectfully submitted,

Jennifer Peterson
Administrative Assistant