

City of Pequot Lakes - Economic Development Commission
February 21, 2023

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Present: Bradley Becklin, Mark Hallan, Michelle Lelwica, Matt Lottman – Chair,
Nicole-Realtor, Tyler Glynn – BLAEDC, Mark Jurchen, Gail Leverson and Tim Houle – Widseth

Funding Needs Discussed:

1. Lack of available single-family homes for new owners desiring to move to Pequot Lakes,
2. For the demolition of dilapidated homes for new construction, to combine lots,
3. Needed for water and wastewater extensions for new construction,
4. Apartments for regional workforce, and
5. Housing options for seniors who want to move into one level senior homes. This would include “units,” from independent to assisted living.

Funding Options Discussed:

DEED Small Cities Development Program (SCDP) –This is for low to moderate income homeowners to rehabilitate their homes. Rehabilitation would consist of essential needs such as heating, roof, windows and doors, energy efficiency improvements, handicapped accessibility improvements, etc. The City would obtain a grant from DEED, homeowners would “borrow” money from the city as a 0% interest, deferred payment loan. When homeowners stay in their homes for 7-10 years, the city would forgive the loans and they become grants. If homeowners move prior, they repay a portion of the loans. This program has worked on down payment assistance in the past. Pequot Lakes is large enough to do a SCDP project independently and we recommend going city wide. This could be used to improve the single-family housing stock in the city. SCDP is a competitive program. [Small Cities Development Program / Minnesota Department of Employment and Economic Development \(mn.gov\)](https://www.mn.gov/Small-Cities-Development-Program)

Workforce Housing Development Program – This funding program is for small to medium-sized cities, under 5,000 residents, with rental workforce housing needs. Funding is used to build market rate residential rental properties in communities with job growth and a demand for workforce rental housing. Communities are required to secure funds that match one dollar for every two dollars in funding offered through this program. This is a competitive program. Cities work with a developer who will propose a viable market rate housing development. The funding would flow through the city and can be structured as deferred loans or grants for the housing development. This could be used for market rate workforce apartments. [Workforce Housing Program \(mnhousing.gov\)](https://www.mnhousing.gov/Workforce-Housing-Program)

Housing Tax Increment Financing (TIF) Districts –[Minn. Stat. § 469.176](https://www.mn.gov/Minneapolis-Stat-469-176), subd. 1b(5) identifies housing as an eligible TIF district. Housing TIF Districts support low to moderate income housing units and a portion of the owners need to meet this criterion. This requires working with the

City's Economic Development and Financial Analyst Professionals to determine the amounts and uses. This could possibly be used for water and wastewater extensions. [Tax Increment Financing - MN House Research](#)

Demolition Loan Program – This DEED program is used for cities to acquire and demolish blighted properties, to replace them with businesses that will create jobs and tax base. Once the city qualifies for the loan, the dilapidated properties are acquired by the city, they are demolished, and the city remarkets the lots for business development. This is a loan program with 2% interest for up to a 15-year term. Cities may qualify for partial forgiveness when the new business acquires the lot, constructs a new building, and creates jobs. This could be used for housing an assisted living facility, that has job creation, or for a commercial business. [Demolition Loan Program / Minnesota Department of Employment and Economic Development \(mn.gov\)](#)

Other possible tools include the city working with Crow Wing County. The city could acquire tax forfeited homes from the county and demolish them to make them ready for a new home. Another possibility for the city is setting up a revolving loan program for purchase of dilapidated homes and demolition.

We suggest that the city do a housing study that will more closely identify the housing gaps in the city. This could be used for grants or for private housing developers.