



**INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY AGENDA
TUESDAY, MAY 26, 2020
REMOTE MEETING
6:00 P.M.**

NOTICE TO RESIDENTS: If you are interested in participating in the meeting, please contact Kim Fox prior to this meeting via telephone (651) 450-2545 or email (kfox@invergroveheights.org) to inform her - your name, address and to what you wish to speak on. Individuals may submit written public comments in advance of the meeting by emailing comments to Kim Fox (kfox@invergroveheights.org). Comments received prior to 4:00 p.m. on Monday, May 25, 2020 will be provided to the EDA at or before the May 26, 2020 meeting.

Phone Number to Reach Meeting: 651-450-2471

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT AGENDA

- A. Consider Approval of Minutes from the February 10, 2020 Regular Economic Development Authority Meeting
- B. Consider Approval of Claims

4. REGULAR AGENDA

- A. Consider Resolution Authorizing a Financial Assistance Review Process
- B. Consideration of New Inver Grove Heights Affordable Housing Development Policy and Related Program
- C. Progress Plus Update – Jennifer Gale
- D. Executive Director's Report – Heather Rand

5. NEXT MEETING – August 10, 2020

6. ADJOURN

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY REGULAR MEETING
MONDAY, FEBRUARY 10, 2020 – 8150 BARBARA AVENUE**

1 & 2 CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, February 10, 2020, in the City Hall Council Chambers. President Piekarski-Krech called the meeting to order at 6:00 p.m. Present were Economic Development Authority Members Bartholomew, Dietrich, Perry, and Tourville; Executive Director Rand, City Attorney Kuntz, City Administrator Lynch, City Clerk Kiernan, and Secretary Fox.

3. CONSENT AGENDA

A. Minutes

Motion by Bartholomew, second by Dietrich, to approve the minutes from the November 12, 2019 Regular Economic Development Authority Meeting.

Ayes: 5
Nays: 0 Motion carried

B. Claims

Motion by Bartholomew, second by Perry, to approve the disbursements from November 13, 2019 to February 10, 2020.

Ayes: 5
Nays: 0 Motion carried

C. Progress Plus Activity Report

Executive Director Rand advised that Jennifer Gale was not able to attend tonight's meeting. She advised that the *Small Business Guide* is available on the City's website. This guide outlines services, resources, and the process for businesses to use if they wish to start up or expand.

Motion by Tourville, second by Perry, to receive the Progress Plus Activity Report.

Ayes: 5
Nays: 0 Motion carried

4. REGULAR AGENDA

A. Election of Officers

Motion by Bartholomew, second by Tourville, to elect Piekarski Krech as President, Bartholomew as Vice-President, Tourville as Treasurer, City Finance Director as Assistant Treasurer, and the Executive Director's Designee as Secretary.

Ayes: 5
Nays: 0 Motion carried

B. Introduction of Karen Schaffhausen, Business Advisor, Dakota County ‘Open to Business’ Program

Executive Director Rand advised that the City’s ‘Open to Business’ Business Advisor, Karen Schaffhausen, was unable to attend tonight’s meeting. Rand suggested they invite Ms. Schaffhausen to the next EDA meeting at which time she will provide Boardmembers with a written activity report showing how she is connecting with entrepreneurs in IGH. Ms. Schaffhausen provides free professional confidential counseling to small businesses and entrepreneurs and is especially adept at marketing plans. Anyone thinking of starting or expanding a small business should consider reaching out to her.

C. Presentation by Eric Satre, Executive Director of Inver Grove Heights Convention and Visitors Bureau (CVB)

CVB Executive Director Eric Satre advised that the mission of the CVB is to market and promote IGH to visitors and to maintain and stimulate the community’s economic vitality. He is a staff of one but is supported by a Board of Directors made up of representatives from local businesses, all four hotels and the city’s Community Development Director. The Board approved four CVB goals for 2019, including 1) discover new sales opportunities, 2) increase awareness of the CBV and the city of IGH as a destination, 3) maintain digital advertising, and 4) grow the website/social media presence of the CVB. He provided several examples of how he is pursuing these goals.

Mr. Satre explained the CVB’s 2020 projects and initiatives, including marketing IGH as a destination, creating a promotional video of IGH, increasing sales efforts, and developing a tourism map that connects all the City’s assets (i.e. parks, hotels, landmarks, medical facilities, etc.).

Boardmember Bartholomew asked what the EDA/City Council could do to help the CVB.

Mr. Satre replied that he will forward suggestions on once he has met with the City Communications staff to go over their goals.

President Piekarski Krech asked what marketing initiatives the CVB was using to get people to stay at IGH hotels.

Mr. Satre advised that people stay in IGH for various reasons (i.e. business travel, education, sports-related, etc.). One of the biggest benefits IGH has is its location is in close proximity to so many Twin Cities assets. For people not wanting to stay right in Minneapolis/St. Paul he has been marketing IGH as accessible, affordable, and with free parking. This spring he plans to lay out some marketing campaigns and will employ the use of geofencing and Facebook.

Boardmember Tourville asked if reports were still being generated regarding website hits.

Mr. Satre replied in the affirmative and offered to provide that information to the EDA. He advised that overall website traffic was down, but the quality of the traffic was better.

President Piekarski Krech asked if the CVB had information on how many people looked on the website and then booked an IGH hotel.

Mr. Satre replied in the affirmative. He stated the VisitIGH.com website allows visitors to see what hotels are in the city, what their rates are, etc.

Executive Director Rand asked for information on the 2019 trends and revenue.

Mr. Satre replied that historically the peak season has been May-October. In 2019 they had the best July and August ever, but revenues fell off in October. To counterbalance that he cut back on expenses. He was not sure why this occurred; one possibility is that contract work by construction workers for MNDOT or Flint Hills Refinery that stay at hotels ended earlier than anticipated. He noted that they can collect up to 30 days lodging tax. There is a possibility that some stayed longer than 30 days and could no longer be charged lodging tax.

President Tourville asked if the 30-day rule was a State guideline.

Mr. Satre replied in the affirmative.

Boardmember Bartholomew asked if other communities experienced a downturn in October as well.

Mr. Satre replied that Eagan saw a bit of a downturn as well.

Boardmember Tourville asked if IGH was on the low side amongst the metro cities charging lodging tax.

Mr. Satre replied that most metro cities charge a lodging tax; the State allows up to 3% and IGH is at 2%.

D. Executive Directors Report

Executive Director Rand provided an update of some of the economic development activities staff are currently working on. One involves a long-term manufacturer in the City who is considering an expansion. Like many employers they are challenged with finding a quality workforce. Staff is identifying resources and working with IHCC and the Dakota County Workforce Center on a plan to continue to grow the local workforce. She also plans to visit at least 15 of IGH's larger employers every year and is beginning to schedule those now. Interim IHCC President Michael Berndt has offered to join her on these visits. Rand advised that she and city planning staff have met with at least six groups interested in discussing the development of high-density housing projects within our community. Many would require rezoning or a subsidy. One of the proposed projects would be a partnership with Dakota County CDA to develop a workforce housing project on Concord Boulevard.

Boardmember Bartholomew asked if the CDA property was shovel ready as far as infrastructure.

Executive Director Rand replied they were just beginning to look into that; there may be changes to the access and utilities, and the need for a possible street vacation.

Boardmember Bartholomew hoped that everyone was looking at potential roadblocks ahead of time so they could meet the timeline.

Executive Director Rand advised that she connected with the Union Pacific Railroad consultant. They have agreed to meet in March regarding identifying a timeline for the Railroad Quiet Zone project to proceed.

Executive Director Rand advised that there has been an uptick in airport noise complaints from IGH residents pertaining to the MSP Airport. In response to this, a listening session has been scheduled for April 22 at 7 PM with the MAC Board and representatives. Concerned citizens are encouraged to attend.

President Piekarski Krech asked if the number to call for noise complaints was publicized.

Executive Director Rand replied that the telephone number was listed on the City's website.

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING – February 10, 2020

Executive Director Rand advised that Inver Point Business Park developer United Properties are in negotiations with a tenant which will hopefully result in summer 2020 construction.

Executive Director Rand stated she received inquiries from two sizable companies about the potential for rezoning property along Highway 52/55 to office/warehouse from current residential zoning. Rand asked them to provide additional details and will encourage them to have conversations with existing property owners in those areas noting this may be an opportunity for rezoning and small area plan to be developed.

Boardmember Tourville asked if the 2019 Community Development Annual Report was available on the City's website.

Executive Director Rand advised that she would get that posted to the website and was also planning on including a summary story in the April *Insights* newsletter. She noted some of the highlights of the report include the construction of over 100 single-family homes in addition to 72 units of multi-housing.

5. NEXT MEETING: May 11, 2020

6. ADJOURNMENT: Motion by Perry, second by Tourville, to adjourn. The meeting was adjourned by unanimous vote at 6:36 p.m.

City of Inver Grove Heights EDA Operations Fund 290

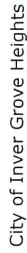
Budget vs Actual through 12/31/19

Account Description	2020 Amended		3/31/20 Actual	Budget Remaining
	Budget			
Investment Earnings	-	(10.19)		10.19
Grants	15,000.00	-		15,000.00
Operating Transfers In	61,200.00	-		61,200.00
Total Revenue	76,200.00	(10.19)		76,210.19
Personnel	19,100.00	4,682.06		14,417.94
Prof/Tech Services	35,100.00	6,935.80		28,164.20
Purchased Services	500.00	125.01		374.99
Other Purchased Services	21,400.00	7,227.99		14,172.01
Supplies	100.00	-		100.00
Total Expenditure	76,200.00	18,970.86		57,229.14
Fund 290 Surplus (Deficit)	-	(18,981.05)		(18,981.05)

Claim on Cash

203,845.78

3.B.



Date Range: 10/01/2019 - 01/31/2020

290.100.1010199

[illegible]

City of Inver Grove Heights EDA Acquisitions Fund 291

Revenues Over (Under) Expenditures by Project

Project costs to Date as of 12/31/19

Project	Revenues	Expenditures	Revenue Over (Under) Expenditures
E001 - Golf Course Land Purchase	358,623.32	358,623.32	-
E002 - 8195 Babcock Trail	356,932.86	218,432.86	138,500.00
E003 - 6671 Concord	159,985.65	159,991.44	(5.79)
E004 - 6685 Concord	139,546.80	139,552.59	(5.79)
E005 - River Country Cooperative	684,786.26	684,786.26	-
E006 - 6845 Dixie Ave	337,558.78	337,567.57	(8.79)
E007 - 4196 68th St E	228,210.79	228,239.47	(28.68)
E008 - 6639 Concord	525,417.06	525,424.28	(7.22)
E009 - 6656 Doffing	-	450.00	(450.00)
E010 - McPhillips	502,141.03	502,153.94	(12.91)
E011 - 6863 Dickman Trail	-	3,000.00	(3,000.00)
E012 - 6840 Dixie Ave E	-	21,958.88	(21,958.88)
E013 - 6900 & 6910 Dixie Ave	274,682.12	274,683.98	(1.86)
E014 - 6653 Concord Blvd	217,073.93	217,079.72	(5.79)
E015 - 11025 Courthouse Blvd	-	2,200.00	(2,200.00)
E016 - 11105 Courthouse Blvd	-	2,200.00	(2,200.00)
E017 - 11097 Courthouse Blvd	-	2,200.00	(2,200.00)

Account Balances as
of 12/31/19

(42,918.62)

1,138,500.00

1,000,000.00

Claim on Cash

E002 - Land Available for Sale

Accounts Payable

E002 - Loan from Host Community Fund for Land Purchase



City of Inver Grove Heights

Account Detail

Date Range: 10/01/2019 - 01/31/2020

Fund: 291 - EDA ACQUISITIONS

[291.100.1010199](#)

Post Date	Source Transaction	CLAIM ON CASH	Description	Vendor	Amount	Running Balance
12/31/2019	JN11304		Agrees to Previous report ending 12/31/2019		-1310.8	-156046.71
12/31/2019	JN11555		2019 CITY SW FEES		114492.83	-157357.51
			2019 Transfers & Fund Closings-CC Approved			-42864.68
01/31/2020	JN11176		1/2020 CITY UP		-49.34	-42914.02
02/29/2020	JN11494		February 2020 City Ut pymnts		-2.3	-42916.32
03/31/2020	JN11493		March 2020 Ut pymnts		-2.3	-42918.62

CITY OF INVER GROVE HEIGHTS

REQUEST FOR EDA ACTION

RESOLUTION ADOPTING FINANCIAL ASSISTANCE APPLICATION FEE AND ESCROW

Meeting Date: May 26, 2020

Item Type: regular

Prepared by: Heather Rand,

Community Development Director

Contact: 651-450-2546

Fiscal/FTE Impact:

☐	None
☐	Amount included in current budget
☐	Budget amendment requested
☐	FTE included in current complement
☐	New FTE requested – N/A
☒	Other (application fee/escrow)

PURPOSE/ACTION REQUESTED:

EDA supports City staff's utilization of a more formalized financial assistance review process when considering real estate developer requests to the city of Inver Grove Heights (EDA and City Council) for assistance, including the submittal of a financial assistance application form. The purpose of the review process is to provide an accepted EDA and City Council framework for determining potential development project financial gaps that can potentially restrict future desired real estate development within the city. The review process establishes a financial assistance application form with fee and potential escrow deposit requirement.

SUMMARY:

The City of Inver Grove Heights and its EDA periodically receive requests from real estate developers for financial assistance to advance specific real estate development projects located throughout the city. These requests most commonly ask the City to reduce its fees (water and sewer connection and park dedication fees), but sometimes also include direct requests for the city to subsidize the development of public infrastructure that may support the new development such through Tax Increment Financing or Tax Abatement for a set term.

Best government practices suggest that the City and EDA should have a clearly defined process for reviewing such financial assistance requests. The first step of that process is to have a formal financial assistance application that a developer would submit to the EDA and/or City and establish application fees to cover the costs associated with reviewing the application. In keeping with this, a financial assistance application has been prepared by staff and reviewed by financial advisors and the city attorneys and is attached to this memo for your consideration. It is proposed that the financial assistance application is the means to which city staff may begin to review a real estate developers financial assistance request with further delineation of next steps in review noted below.

Financial Assistance Application Process

It is anticipated that after initial conversations with a real estate developer or business or its agent whereby an upfront request for financial assistance from the city and/or EDA is requested, city staff would request that the developer or business make formal application to the City/EDA by submitting a completed IGH financial assistance application (see attached) with application fee, to facilitate objective review of the request. The completed application and its required submissions will first be reviewed by City staff to determine if the project is consistent with City/EDA development goals and land use requirements. If the development project merits

further consideration, City staff will engage with its financial advisor for preliminary underwriting (review). The financial advisor will conduct a thorough proforma review of the development project and recommend to the City/EDA the minimum amount of assistance necessary to make the development project financially feasible without unduly enriching the real estate developer or business.

Developer Covers City/EDA Costs

In Minnesota, cities routinely request developers to pay for the cost of reviewing an application for financial assistance. As such, staff propose that an initial, non-refundable financial assistance application fee of \$3,000 is established by the EDA/City to cover the initial, preliminary review of the application and to ensure the developer is committed toward advancing the project in the city of Inver Grove Heights. If City staff and its financial advisor determine after preliminary review of the application that the project had a financial gap worthy of more diligent review and determination, the project may proceed to the next phase of city review by City staff and its financial advisor that may lead to the creation of a development agreement which would also require assistance from the city attorney (legal costs). To fund these professional service costs to the City/EDA, the financial assistance applicant will be required to make an \$10,000 initial escrow deposit to the City for legal costs and financial analysis. The unused portion of the deposit will be returned to the developer.

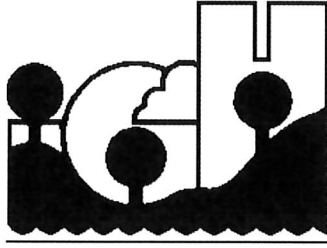
This requirement of a application fee and escrow deposit must be formally approved by the EDA and City Council via resolution (see attached).

EDA Approval of Specific Projects

Each provision of City/EDA financial assistance, whether in the form of a fee waiver, fee reduction, direct cash assistance, or new tax increment or tax abatement, shall be considered by the City or EDA.

The EDA is not obligated to provide financial assistance to any development project that would make application for financial assistance, and the EDA may impose additional restrictions on a project as part of its assistance package, such terms being further delineated in a development agreement between EDA and applicant.

Staff respectfully requests support by the EDA of the financial assistance process outlined in this memo and approval by the EDA and City Council of a resolution adopting application fee and escrow requirements for application for financial assistance.



City of Inver Grove Heights, 8150 Barbara Avenue, Inver Grove Heights, MN 55077

APPLICATION TO CITY AND/OR IGH EDA FOR FINANCIAL ASSISTANCE

Applicant Information

1. **Applicant Name:** _____
(Name should be the officially registered name of the business entity.)

Address: _____

Telephone: _____ Email Address: _____

2. **Name of Person Completing the Application:** _____

Address: _____

Telephone: _____ Email Address: _____

3. **Names and Addresses of Attorney, Architect, Engineer, and General Contractor for this Project:**

Attorney Name: _____

Address: _____

Telephone: _____ Email Address: _____

Architect Name: _____

Address: _____

Telephone: _____ Email Address: _____

Engineer Name: _____

Address: _____

Telephone: _____ Email Address: _____

General Contractor Name: _____

Address: _____

Telephone: _____ Email Address: _____

4. **If the applicant is a corporation, please name officers, directors, or stockholders holding more than 5% of the stock of the corporation. If the corporation is not**

formed, provide as much information as possible concerning potential officers, directors, and stockholders:

- 4a. If the applicant is a limited liability company or general partnership, name of the general partners and if a limited partnership, state the general partners and limited partners with more than 5% interest in the limited partnership. If the company or partnership is not formed, provide as much information as possible concerning potential officers, directors, members, partners and/or stockholders.

- 4b. Has the applicant ever been in bankruptcy? If yes, please describe the circumstances.

Yes (please Explain): _____

No: ____

- 4c. Has the applicant ever defaulted on any bond or mortgage commitment?

Yes (please Explain): _____

No: _____

Project Information

1. PID#'s, address, legal descriptions, and size of project site:

PID#: _____

Address: _____

Legal Description: _____

Size of Project Site (Acres): _____

2. Current ownership of the site: _____

3. Do you have current control of the site and a recent (2 year or less) real estate appraisal for site:

Yes: _____

No: _____

4. Project Narrative Statement with Site Map and Building Renderings

Please attach as Exhibit A, a description narrative for the project that includes the following:

1) background and experience of applicant in development, 2) project description including total project CapEx (capital expenditures), number of existing building square footage to be demolished, to be constructed, the number and/or square footage of (housing units, parking stalls, commercial and/or warehouse bays and loading docks), 3) evaluation of site and conditions such as poor soils and/or contamination, challenging topography and other constraints, 4) proposed construction phasing including start date and project completion date, 5) development project's benefit to the community (# new jobs, wages, estimated tax base increase), 6) developer's request to City/IGH EDA for financial assistance that meets "but for" MN state statute test with explanation of why assistance is necessary to complete development project, 7) site map and legal description for site and architectural rendering of building product with description of construction materials. Applicant may be required to submit site plans, land appraisals, environmental studies, market studies, business plans, engineering and architectural drawings for staff review at later date as project advances.

5. If property is to be subdivided or replatted, please describe.

6. If project is a housing development, please provide unit mix and rents with the 15-year Project Proforma. If the project is affordable housing, please indicate the portion of units that will be maintained as affordable units and the income levels targeted.

7. Estimated project costs: (Please enclose detailed sources and uses statement and 15-year operating Pro Forma denoting the following).

- a. Land Acquisition: \$ _____
- b. Environmental/Soil Corrections: _____
- c. Surveys: _____

- d. Public Improvements: _____
- e. Site Development: _____
- f. Demolition: _____
- g. Building Construction: _____
 - Shell (if applicable) _____
 - Tenant Improvements (if applicable) _____
 - Builders fee _____
- h. FF&E: _____
- i. Architectural & Engineering Fees: _____
- j. Legal Fees/Other Consulting Fees: _____
- k. Financing Costs: _____
- l. Construction Interest: _____
- m. Title Insurance: _____
- n. Mortgage Registration: _____
- o. Bank/Borrower Legal: _____
- p. Recording/Closing: _____
- q. Construction Loan fees: _____
- r. Developer fee: _____
- s. Mgmt Start Up/Working Cap _____
- t. SAC/WAC fees: _____
- u. Park Dedication fee: _____
- v. Building Permit, other fees _____
- w. Appraisal: _____
- x. Real Estate Taxes: _____
- y. Contingencies (construction): _____
- z. Contingencies (soft): _____
- aa. Other: _____

TOTAL \$ _____

8. Source of Financing

- a. Equity: \$ _____
- b. Bank Financing: _____
- c. Public Assistance: _____

(TIF or Tax Abatement) _____
d. Other governmental loans/grants: _____
e. Deferred Developer Fees: _____
f. Other: _____
TOTAL \$ _____

Terms of Financing (years): _____
Rate of Financing: _____
Cap Rate: _____

8. Project Construction Schedule:

a. Construction Start Date: _____
b. Construction Completion Date: _____
c. If Phased Project :
January 2, (year) _____ % Completed _____
January 2, (year) _____ % Completed _____

9. Total Estimated Market Value of Project upon completion \$ _____

10. Will any public official of the City, either directly or indirectly, benefit from the issuance of public assistance within the meaning of Minnesota Statutes, Section 412.311 or 471.87? If yes, please explain the circumstances.

Yes (please Explain): _____

No: _____

Financial Assistance Request

1. Amount and type of financial assistance requested and proposed term.

Type (TIF, Tax Abatement, Other): _____

Amount: _____

Term (years): _____

2. Describe the purpose for which financial assistance (TIF, Tax Abatement, etc.) is required.

3. Please submit an itemized list of project costs for which the financial assistance is being requested below or as an attachment.

4. Briefly state specific reasons why, "but for" the use of public financial assistance, this project would not be possible.

Application Process

1. The following documents must accompany the Application:

- A. A detailed sources & uses statement and 15-year project *Pro Forma* spreadsheet
- B. Parcel Map depicting the proposed development and/or redevelopment area
- C. Site plans and floors plans (as available)
- D. Significant additional information may be requested at any time by the City/EDA and may be in addition to the materials outlined in this application. The Applicant shall be required to submit any and all information as reasonably requested by the City/EDA.

2. Applicant acknowledges and agrees to pay a non-refundable \$3,000 Financial Assistance Application Fee via check made out to City of Inver Grove Heights.
3. Upon receipt of the application, City/EDA staff shall review it and complete preliminary due diligence to ensure the project is consistent with the City/EDA's policies including the city's business subsidy policy and land use requirements. If so, the City/EDA and their financial consultant shall conduct a preliminary proforma analysis to determine if the project has a financial gap and whether financial assistance is needed. If financial assistance is preliminarily justifiable based on the proforma analysis by the City/EDA, the applicant shall deposit \$10,000 as initial escrow funds with the City/EDA to cover attorney and consultant costs incurred as part of conducting any additional fiscal analysis that may be required to meet the

requirements of utilizing any public financing, drafting and negotiating a development agreement, and establishing a TIF district or abatement. If additional expenses are incurred beyond the \$10,000, prior to the execution of a development agreement, the City/EDA shall notify the applicant in writing and the applicant will be required to deposit additional funds upon notice. Any unused portion of the \$10,000 initial escrow deposit shall be returned to the applicant.

4. The Applicant shall hold the City/EDA, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the Project or Financial Assistance Application, including but not limited to, any legal or actual violations of any State or Federal securities laws.
5. The Applicant recognizes and agrees that the City/EDA reserves the right to deny any application for Financial Assistance at any stage of the proceedings prior to adopting the resolution approving the financial assistance, that the Applicant is not entitled to rely on any preliminary actions by the City/EDA or its staff prior to the final resolution, and that all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the Project are incurred by the Applicant at its sole risk and expense and not in reliance on any actions of the City/EDA or its staff.

6. The Applicant recognizes and agrees that the City/EDA will comply with the Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13) which governs whether the information that the applicant is providing to the City/EDA is public or not public data. If financial assistance is provided to the applicant for the project, the information submitted in connection with the application will become public, except for those items which remain private or nonpublic pursuant to the provisions of Minnesota Statutes, Section 13.591, subd. 2.

The undersigned, a duly authorized representative of the Applicant, hereby certifies that the foregoing information is true, correct, and complete as of the date hereof and agrees that the Applicant shall be bound by the terms and provisions herein.

APPLICANT' S NAME

DATE

CITY RECEIPT OF APPLICATION

DATE

\$ _____
APPLICATION FEE AMOUNT REMITTED

DATE

\$ _____
ESCROW AMOUNT REMITTED

DATE

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

DAKOTA COUNTY, MINNESOTA

RESOLUTION NO. _____

RESOLUTION ADOPTING APPLICATION FEE AND ESCROW REQUIREMENTS FOR APPLICATION FOR FINANCIAL ASSISTANCE

WHEREAS, the Inver Grove Heights Economic Development Authority (EDA) is authorized to exercise all the powers of an economic development authority pursuant to Minnesota Statutes, including the authority to provide financial assistance to assist with eligible development projects within the City; and

WHEREAS, the review and processing of applications for financial assistance takes considerable time and will require the use of financial consultants at an additional cost to the EDA, which cost should be paid by the applicant; and

WHEREAS, upon preliminary determination that financial assistance may be justified based on the proforma analysis, additional costs will be incurred by the EDA for consultant cost and attorney fees as part of conducting any additional fiscal analysis that may be required to meet the requirements of utilizing any public financing, drafting and negotiating a development agreement and establishing a TIF district or abatement, which costs should be paid by the applicant and which requires the establishment of an escrow to ensure payment of such costs, and which escrow amount shall be replenished by the Applicant at the request of the EDA at any time. Any unused escrow amount shall be returned to the Applicant upon completion of the application process and the award of any financial assistance to the Applicant.

NOW, THEREFORE BE IT RESOLVED that the EDA adopts the following fees and escrow requirements related to applications for financial assistance:

Financial Assistance Application Fee	\$3,000.00
--------------------------------------	------------

Financial Assistance Application Escrow Requirement	\$10,000.00
---	-------------

Adopted by the Board of Commissioners of the Inver Grove Heights Economic Development Authority on May 26, 2020.

Ayes:

Nays:

Rosemary Piekarski-Krech, President

Attest:

Heather Rand, Executive Director

CITY OF INVER GROVE HEIGHTS

REQUEST FOR EDA ACTION

RESOLUTION ADOPTING AFFORDABLE HOUSING POLICY

Meeting Date: May 26, 2020
 Item Type: regular
 Prepared by: Heather Rand,
 Community Development Director
 Contact: 651-450-2546

Fiscal/FTE Impact:

☐	None
☐	Amount included in current budget
☐	Budget amendment requested
☐	FTE included in current complement
☐	New FTE requested – N/A
☒	Other (Decertified TIF 4-1)

PURPOSE/ACTION REQUESTED:

EDA approve resolution adopting an Inver Grove Heights affordable housing development policy that will guide EDA and city staff actions to advance the creation and retention of affordable housing in the community. A companion resolution will also be on the May 26, 2020 city council agenda for consideration.

SUMMARY:

The City's TIF District 4-1 was decertified in 2019 and is no longer capturing tax increment. However, there is a cash balance in the District of approximately \$4.1 million. These funds may still be used by the City, but due to limitations under State law and the city adopted TIF Plan, the funds may only be used to assist affordable housing projects throughout the City or turned back to local government jurisdictions proportionally.

If the City opts to use the TIF District 4-1 balance to assist the development of affordable housing, city staff in consultation with Ehlers the city's financial advisor, recommend the EDA and City Council establish an affordable housing policy with criteria and a process for awarding funds to specific development projects. Toward this end, the attached Affordable Housing Development Fund Policy is proposed for EDA consideration.

Key provisions of the policy are summarized below.

Affordable Housing

Funds may be used to assist development of multi-family rental housing for families and/or seniors that reserve either 20% of the units for residents at or below 50% of the median income, or 40% of the units for residents at or below 50% of the median income. The chart below shows the current (2020) affordable housing income and rent limits:

City of Inver Grove Heights, Minnesota

AFFORDABLE HOUSING DEVELOPMENT FUND POLICY

Draft 5-20-20

I. PURPOSE

The purpose of this policy is to establish the criteria and procedures by which TIF #4-1 funds may be used as an “Affordable Housing Development Fund” to incent and support the development of affordable housing in the City.

In 2018, the City modified its Tax Increment Financing District #4-1 to allow the use of tax increment for affordable housing projects throughout the City. In particular, the plan was modified to allow for an additional 10% pooling for affordable housing pursuant to Minnesota Statutes, Section 469.1763 subd. 2(d).

TIF District #4-1 was decertified at the end of 2019 and the properties in the districts are no longer capturing tax increment. The remaining balance of tax increments that have been captured in the district fund are restricted for affordable housing projects, unless the city council elects to distribute funds to the respective tax jurisdictions that were impacted by the creation of TIF #4-1. Toward this end, the EDA/City is creating the Affordable Housing Development Fund (the “Fund”) to incent the development or rehabilitation of affordable rental housing within the City of Inver Grove Heights utilizing TIF District #4-1’s fund balance.

In certain situations, the cost of utilities, streets, eligible public improvements, City fees, environmental remediation or site acquisition may make an affordable housing project financially infeasible. In any of these situations, the City may consider providing financial assistance from the Fund to fill a demonstrated financial gap in the project. This policy shall be used as a guide in reviewing applications for financial assistance from the Affordable Housing Development Fund.

II. POLICY

It is the policy of the City of Inver Grove Heights to establish a TIF 4-1 Affordable Housing Development Fund to provide financial assistance to affordable housing projects to assist with certain development costs. Eligible projects must consist of rental housing that meets

the income and rent qualifications for the Low Income Housing Tax Credit Program as defined under section 42(c) of the Internal Revenue Code.

The Fund shall be used to provide financial assistance to eligible projects to pay for the following eligible project costs:

- a. Extending or relocating utilities or constructing utility infrastructure
- b. Street improvements or street assessments
- c. Site improvements such as sidewalks and streetscaping
- d. Other eligible public improvements
- e. Site acquisition
- f. Clearance and demolition expenses
- g. Environmental remediation
- h. City fees including park dedication, utility connection, or storm water fees

III. PROCEDURE

A developer may request assistance from the Fund by submitting an financial assistance application and supporting documentation, together with the non-refundable application fee to the Inver Grove Heights EDA. Significant additional information may be requested at any time by the City and its Economic Development Authority ("EDA") and may be in addition to the materials outlined in the financial assistance application. The Applicant shall be required to submit any and all information as requested by the City/EDA.

City staff and, as appropriate, the City's financial advisor shall review the application materials and make a preliminary recommendation to the EDA/City. The staff recommendation will include:

- a. The proposed amount of the financial assistance
- b. The proposed structure and terms of the financial assistance.
- c. A rationale for the recommendation
- d. Eligible affordable housing project costs and the estimated cost thereof

The EDA/City may either deny or grant approval of a grant, deferred or forgivable loan, or interest-bearing loan utilizing the Fund or other available resources as the funding source. Once the EDA/City has completed preliminary due diligence and financial review of the application, the developer applicant shall deposit additional funds in an amount established by the City/EDA, but not less than \$10,000 as an initial escrow, to cover attorney and consultant costs incurred as part of drafting and negotiating a development agreement, and conducting any fiscal analysis that may be required to meet the requirements of utilizing any

public financing to support the affordable housing project proposed. If additional expenses are incurred beyond the initial deposit, prior to the execution of a development agreement, the City/EDA shall notify the applicant in writing and the applicant will be required to deposit additional funds into the escrow upon notice. Unused applicant escrow funds on deposit shall be returned to the developer applicant.

IV. GENERAL TERMS AND CONDITIONS

The project must comply with the rent and income restrictions for 20 years and report the rents and incomes to the EDA/City for the term of the restrictions on an annual basis.

Any repayments of financial assistance made from this Fund are considered tax increment and shall be redeposited in the Fund to be used for future affordable housing purposes.

The City/EDA reserves the right to deny any application for financial assistance at any stage of the proceedings prior to adopting the resolution approving the affordable housing financial assistance. The Applicant is not entitled to rely on any preliminary actions by the City/EDA or its staff prior to the adoption by city/EDA of a final resolution of approval of the financial assistance, and all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the Project are incurred by the Applicant at its sole risk and expense and not in reliance on any actions of the City/EDA.

Any applicant who is not in good standing with the City/EDA, in regard to licenses, fees, taxes or other specific charges, will not be considered for receiving financial assistance.

The Applicant shall hold the City/EDA, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the project or financial assistance application, including but not limited to, any legal or actual violations of any State or Federal securities laws.

The City/EDA shall have the option of amending or waiving sections of this affordable housing policy when they determined a change necessary or appropriate to continue to advance its affordable housing goals

2020 Income Limits		
Family Size	50% of Median Income	60% of Median Income
1	\$36,200	\$43,440
2	\$41,400	\$49,680
3	\$46,550	\$55,680
4	\$51,700	\$62,040
2020 Rent Limits		
Bedroom Size	50% of Median Income	60% of Median Income
1	\$970	\$1,164
2	\$1,163	\$1,396
3	\$1,344	\$1,613

Housing that meets these criteria markers in Minnesota is labeled “workforce housing.” To further illustrate with an example, a single parent with one child making \$23.88 per hour is at 60% of median income. Senior housing development projects, (age 55 or older) would also be potentially eligible. The housing may be located anywhere within the City that complies with existing zoning codes and restrictions.

City/EDA Funds Used for Gap Financing

In certain situations, the cost of utilities, streets, public improvements, City fees, environmental remediation or site acquisition may make an affordable housing project financially infeasible. In any of these situations, the City may consider providing financial assistance from the Affordable Housing Development Fund to fill a demonstrated financial gap in the project.

The Fund may be used for:

- Extending or relocating utilities or constructing utility infrastructure
- Street improvements or street assessments
- Site improvements such as sidewalks and streetscaping
- Other eligible public improvements
- Site acquisition
- Clearance and demolition expenses
- Environmental remediation
- City fees including park dedication, utility connection, or storm water fees

Gap financing may be provided in the form of a grant, deferred or forgivable loan, or interest-bearing loan.

Demonstrated Financial Need and Formal Review Process

A developer requesting City or EDA assistance from the Affordable Housing Development Fund would need to demonstrate that the project is financially infeasible without the assistance. To accomplish this objective, the developer would submit a financial assistance application with a fee and a financial *proforma* that would be reviewed by the City’s staff and financial advisor. After review of the financial assistance application, the amount and form of assistance recommended by staff would be the minimum needed to make the project feasible without unduly enriching the developer.

EDA Approval of Specific Projects

Each award of funds from the Affordable Housing Development Fund shall be considered and approved by the EDA. The EDA is not obligated to award funds to any project and may impose additional restrictions on a project. For example, the EDA can require a higher level of exterior finishes, a larger dedication of land for a park, or other public benefit as part of the assistance package.

EDA Program Administration

It is contemplated that the City's EDA will administer the Affordable Housing Development Fund. Because TIF 4-1 is a City tax increment district, the City Council will need to authorize the EDA to administer this program. Authorization will be requested at the June 8, 2020 Council meeting, however, a companion resolution approving the affordable housing policy has been placed on the city council's May 26, 2020 agenda for consideration as interim step in establishing this new city framework.

Loan Repayments

If the EDA provides financial assistance from the Affordable Housing Development Fund in the form of a loan, the loan repayments are still considered to be Tax Increment and must be segregated from other funds per state law. As such, the loan repayments would go back into the Affordable Housing Development Fund to assist future affordable housing development within the city of Inver Grove Heights. It is possible that over time, this affordable housing development fund policy would be amended by the EDA and City Council to continue to be relevant and meet current needs.

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. _____

RESOLUTION ADOPTING AN AFFORDABLE HOUSING DEVELOPMENT FUND POLICY

WHEREAS, the City of Inver Grove Heights (the "City") has previously established Tax Increment Financing District 4-1 (the "District") and modified the District in 2018 to allow the use of tax increment for affordable housing projects;

WHEREAS, the District was decertified in December 2019 and the remaining balance of tax increments in the District may be used to assist affordable housing projects throughout the City; and

WHEREAS, the Inver Grove Heights Economic Development Authority (the "EDA") desires to increase the availability of affordable housing in the City;

NOW, THEREFORE BE IT RESOLVED that the EDA adopt the Affordable Housing Development Fund Policy that establishes a loan and grant program to provide financial assistance to affordable housing developments.

BE IT FURTHER RESOLVED that such approval is subject to the City's approval of transferring control of the administration of the City's Tax Increment Financing District 4-1 to the EDA pursuant to Minnesota Statutes 469.094 subd 2.

Adopted by the Board of Commissioners of the Inver Grove Heights Economic Development Authority on May 26, 2020.

Ayes:

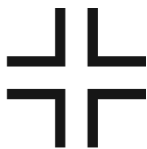
Nays:

Rosemary Piekarski-Krech, President

Attest:

Heather Rand, Executive Director

PROGRESS PLUS



ECONOMIC DEVELOPMENT PARTNERSHIP

Report: May 2020

Economic Development Activities

Events/meetings:

- We have met monthly with Dakota and Scott County staff, workforce board, chamber presidents and IHCC to continue conversations about ED activity and support in Dakota and Scott County.
- Met with David Higgins of McGough to talk about a potential IGH user in the Argenta Hills Development. Also discussed the inhibiting issues with marketing the property and recommended revisiting the city fees.
- Followed up on many inquiries for land along Concord Exchange in SSP
- Worked with DEED the City of South St. Paul to find tools needed to expand a company at Flemming Field.
- Continued to facilitate meetings with State Representatives and YMCA representatives to discuss the long-term plans for the YMCA permanent location.

Marketing:

- Progress Plus is working with South St. Paul to retrofit the “Opening or Expanding a Business” packet.
- Progress Plus and five Dakota County Chambers of Commerce hosted a Real Time Solutions webinar with the President of MNCAR to discuss commercial real estate in Dakota County and how it fares with the metro during the pandemic on May 20.
- A task force of Progress Plus Board members met to discuss plans to hold a broker event in 2020. One of the ideas that made it to the front of the line was a “virtual broker tour” which seemed to be a little ahead of its time, given what we are living in today. The idea is as follows:

Work with both cities to identify 2-3 development opportunities to highlight. Created a virtual video that would include:

1. Property specific information and either drone footage, aerial photography or still photos to show the potential.
2. Property zoning, comp. plans and storm water sewer requirements
3. Infrastructure information that pertain to the development. (rail, highway, sewer and water, utilities, air transportation)
4. City amenities including parks, retail and commercial hubs

We have met with Town Square Television to go over ideas and platforms they had found that would be conducive to the video idea. They are preparing a loose quote based on what we discussed.

The Task Force thought the video could be created over the summer and then introduced at a broker open house (possibly on the Drover Apartment rooftop) late summer early fall. We could invite brokers from our MNCAR list (500-600 on list), solicit sponsors to support food and beverages and then premier the virtual tour during the event.

After the event we would follow up with our MNCAR list to thank the sponsors, show event photo highlights and send a link to the virtual tour for continued promotion of our developments.

This video could have a shelf life of about 12 months depending on the development interest. Here is the link we found when doing research that was our original inspiration. We could focus more on community highlights than this one did but it's a starting point. Here is the link. Put your contact

information in to view the tour.

<https://epictomorrow.org/property-tour-request/>

The Task force is seeking feedback from the board on this idea before moving farther along in developing a timeline and budget. We would use money from the marketing budget and could seek additional sponsors from our community partners to support the video creation.

Inquiries:

- Assisted a group looking for some temporary warehousing space in Inver Grove Heights.
- Assisted a large user who was looking to relocate from their existing building in SSP. Provided two options in our region but they signed a lease in Hastings.
- Did an inquiry for a small light industrial user relocating from South St. Paul because their lease expired.