



CITY COUNCIL SPECIAL MEETING

February 04, 2021

5:30 PM

Fridley City Hall, 7071 University Avenue N.E.

The City of Fridley will not discriminate against or harass anyone in the admission or access to, or treatment, or employment in its services, program, or activities because of race, color, creed, religion, national origin, sex, disability, age, marital status, sexual orientation or status with regard to public assistance. Upon request, accommodation will be provided to allow individuals with disabilities to participate in any of Fridley's services, programs, and activities. Hearing impaired persons who need any interpreter or other persons with disabilities who require auxiliary aids should contact Roberta Collins at (763) 572-3500. (TTD/763-572-3534).

AGENDA

HYBRID MEETING NOTICE

Pursuant to Mayoral Declaration 20-01 and Ordinance No. 1380 this meeting will be a hybrid meeting. If you wish to attend the meeting in person, it will be held at Fridley City Hall. If you wish to attend the meeting virtually, please use the Zoom meeting link: <https://zoom.us/j/98325229737>.

CALL TO ORDER

NEW BUSINESS

1. Housing Improvement Areas
2. Discussion Item on Redevelopment Area Priorities
3. Special Legislation – Excess Northern Stacks Increment for Housing Programs

ADJOURN



AGENDA REPORT

Meeting Date: February 4, 2021

Meeting Type: City Council / HRA Special Meeting

Submitted By: Paul Bolin, Asst. Executive Director

Title

Housing Improvement Areas

Background

Over the past 3-4 years staff have had inquiries from two different townhome associations regarding the creation of Housing Improvement Areas (HIA) to fund expensive, common area improvements. Typical lending institutions tend to avoid funding these projects as it is difficult to file a mortgage against a street or water line. Associations that have not been able to keep up with maintenance or increasing fees, to budget for these expensive repairs, typically have no other funding avenue available to them.

The process for creating a HIA is expensive and time consuming for all involved and the MN legislature truly intended for this program to be a last resort for financing these expensive improvements. The associations that pursue funding through the HIA process will expend a great deal of funds on consultants, engineers, accountants, attorneys, bond issuance costs and City/HRA Attorney fees.

To assist interested associations move forward, the City provided for a "preliminary application". The preliminary application does not require a large, up front fee to be paid to the City, and frees up the associations limited resources to pay for engineering and accounting work that is required for the City to evaluate the projects feasibility.

The Innsbruck North Townhome Association (INTA) recently submitted a preliminary application. The INTA is seeking nearly \$5.7M, through HIA funding, to reconstruct its 40+ year old streets, driveways, sanitary sewer lines, storm sewer lines and water mains. Split equally among the 282 owners, the cost per unit is approximately \$20,000. The funds would be repaid by the owners, annually, when they pay their property taxes. The INTA met with two banks that both responded that they lacked the mortgageable assets needed to be considered for a loan.

Staff will provide an overview of HIA's during Thursday's work session. If the collective bodies appear supportive of creating Housing Improvement Areas, the Innsbruck Townhome Association will likely proceed with the next steps of this lengthy process.

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Attachments and Other Resources

- January 15, 2021 Information Memo on HIA's
- MN HIA Statutes
- INTA Preliminary Application
- INTA Overall Cost Summary
- INTA Map of Streets

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

HRA INFORMATIONAL ITEM



Date: 1/27/2021

To: Wally Wysopal, Executive Director

From: Paul Bolin, Assistant Executive Director

RE: Housing Improvement Areas

Since the middle of 2017, two townhome associations have inquired about the potential of having the City establish a Housing Improvement Area (HIA) to finance common area improvements needed in their developments. The Innsbruck homeowners association has submitted a number of items to the City/Authority, for review, that would be required for the creation of the HIA. State Statute spells out the fairly complicated process for the creation of the financing tool. The following is an overview of Housing Improvement Areas. Also attached is a copy of the MN Statutes related to Housing Improvement Areas. We look forward to presenting more information to the Council and Authority on February 4th.

What is a Housing Improvement Area?

In 1996, the Minnesota State Legislature adopted Statutes 428A.11 – 428A.21 to provide cities with a means of assisting common interest communities (CIC) with financing improvements to common areas. A Housing Improvement Area is a designated portion of the City in which housing improvements are financed with public funds. The public financing is then repaid through fees imposed against the benefitting housing units, in the form of a fee that gets paid yearly with their taxes. The process is one like collecting special assessments.

Appropriate capital improvements, according to the law, include any common elements of the property which are maintained by homeowners associations which do not have an adequate reserve fund to finance improvements themselves.

The Statutes prescribe how HIA's need to be created by the City Council through the adoption of an Ordinance. The City Council can designate the Authority to be the "implementing entity", that is to be responsible for implementing and administering the HIA.

What are the steps to creating a HIA?

To create a HIA, a petition requesting a public hearing must be presented to the City Clerk, containing the signatures of at least 50% of the affected property owners. If the petition does not have at 50% of the owners, no action can be taken by the City Council. City's can be more restrictive and require a higher percentage of homeowners sign the petition. We have recommended 60%, as more "buy in" from residents makes the project more likely to come to fruition.

Before adopting the Ordinance creating the HIA, the City must hold a public hearing at which the proposed improvements, affected housing units, and the exempt units are listed. Fees can be imposed on the basis of the tax capacity of the housing unit, total square footage of the

housing unit, or a method determined by the City and specified in the Ordinance. Before the City uses an alternative method to set fees, it must make a finding that the alternative basis is more fair and reasonable. Potentially affected property owners may testify at the hearing. Those property owners may object in writing, and if the City agrees, may be excluded from the area or fee imposed. The ordinance must be adopted within six months after the conclusion of the public hearing. If 45 percent or more of the affected residents file an objection, the HIA can NOT be established.

Before the City approves the HIA, the condominium or townhome association must develop a long-term plan to maintain the complex. The plan must address operations, maintenance, and necessary capital improvements of the common elements. It must identify financing for the projects. The association must also submit a financial plan, prepared by an independent third party. An audited financial plan must be submitted annually, after implementation.

Where does funding for improvements come from?

The City / HRA may finance the housing improvements by:

- (1) advancing funds available to the City/HRA and then recovering the costs by charging the property owners fees; or
- (2) issuing bonds and then imposing fees or assessments to repay the bonds. The bonds are not included in the City’s net debt and no election is required for their issuance.

Before imposing fees, the city must provide public notice and hold a public hearing. Within six months of the conclusion of the public hearing, the city may adopt a resolution to impose the fees.

Once HIA legislation is passed, a homeowner has 60 days before the law goes into effect to pay the full balance of the assessment. If it is not paid, the amount will be assessed over the term set forth in the resolution. There is no option to pay off the amount in full after the resolution goes into effect.

Is there a need for HIA’s in Fridley?

The City of Fridley has 20 homeowners associations that include 727 townhome units and 360 condominium units. This is about 9 percent of the overall housing units in the City. Since several of the largest complexes were built in the 1970s and 1980s a HIA is a potential tool to keep the housing stock in good condition.

Banks have a difficult time loaning money to HOA’s for common area improvements, as it is difficult to collateralize the loan. This program is truly meant to be a “last resort” funding source for homeowners associations to finance common area improvements.

Fridley Homeowners Associations

HOA	Built	Type of Development	Units
Islands of Peace 151	1961	condominiums	12
Old Central Condominiums	1962	condominiums	4
Unity View	1964	condominium	22
Riverview Terrace	1973	condominiums	4
Innsbruck	1973-1986	townhomes	265

Black Forest Condominiums	1974	condominiums	258
Timber Ridge	1974-1975	townhomes	40
Innsbruck Villages	1974-1996	quad	141
2 nd St. NE Condominiums	1978	condominiums	3
Norton Condominiums	1983	condominiums	7
Western Ridge Estates	1985-1986	condominiums	8
Hillwind Townhomes	1995-1996	condominiums	42
Christenson Crossing	1996-1998	townhomes	64
Christenson Crossing	1996-1999	Detached	56
Talia's Townhomes	2001	townhomes	6
Gateway East	2002	townhomes	28
Norton Manor Townhomes	2003	townhomes	22
5 th St. Townhomes	2005	quad	4
Pulte Patio Homes	2018	Detached	26
Lennar Townhomes	2019	townhomes	72

CONCLUSION:

The Authority and Staff look forward to meeting with the Council and Authority to further discuss Housing Improvement Areas on February 4th @ 5:30pm. In the HRA & Council packet, for the February 4th meeting, we will include more information specific to the Innsbruck Townhome Association request.

CHAPTER 428A

SPECIAL SERVICE DISTRICTS; HOUSING IMPROVEMENT AREAS

SPECIAL SERVICE DISTRICTS		HOUSING IMPROVEMENT AREAS	
428A.01	SPECIAL SERVICE DISTRICT PROCEDURES; DEFINITIONS.	428A.11	HOUSING IMPROVEMENT AREAS; DEFINITIONS.
428A.02	ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.	428A.12	PETITION REQUIRED.
428A.03	SERVICE CHARGE AUTHORITY; NOTICE, HEARING REQUIREMENT.	428A.13	ESTABLISHMENT OF HOUSING IMPROVEMENT AREA.
428A.04	ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.	428A.14	IMPROVEMENT FEES AUTHORITY; NOTICE AND HEARING.
428A.05	COLLECTION OF SERVICE CHARGES.	428A.15	COLLECTION OF FEES.
428A.06	BONDS.	428A.16	BONDS.
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428A.08	PETITION REQUIRED.	428A.18	VETO POWERS.
428A.09	VETO POWER OF OWNERS.	428A.19	ANNUAL REPORTS.
428A.10	EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.	428A.20	SPECIAL ASSESSMENTS.
428A.101	DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER GENERAL LAW.	428A.21	DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER GENERAL LAW.

SPECIAL SERVICE DISTRICTS

428A.01 SPECIAL SERVICE DISTRICT PROCEDURES; DEFINITIONS.

Subdivision 1. **Applicability.** As used in sections 428A.01 to 428A.10, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means a home rule charter or statutory city.

Subd. 3. **Special services.** "Special services" has the meaning given in the city's ordinance but special services may not include a service that is ordinarily provided throughout the city from general fund revenues of the city unless an increased level of the service is provided in the special service district.

Subd. 4. **Special service district.** "Special service district" means a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from service charges imposed within that area.

Subd. 5. **Net tax capacity.** Except as provided in section 428A.05, "net tax capacity" means the net tax capacity most recently certified by the county auditor under section 428A.03, subdivision 1a, before the effective date of the ordinance or resolution adopted under section 428A.02 or 428A.03.

Subd. 6. **Land area.** "Land area" means the land area in the district that is subject to property taxes.

History: 1988 c 719 art 5 s 84; art 14 s 1; 1989 c 329 art 13 s 20; 1995 c 264 art 16 s 16; 1996 c 471 art 8 s 3,4

428A.02 ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.

Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance establishing a special service district. Only property that is classified under section 273.13 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use and located in the special service district, may be subject to the charges imposed by the city on the special

service district. Other types of property may be included within the boundaries of the special service district but are not subject to the levies or charges imposed by the city on the special service district. If 50 percent or more of the estimated market value of a parcel of property is classified under section 273.13 as commercial, industrial, or vacant land zoned or designated on a land use plan for commercial or industrial use, or public utility for the current assessment year, then the entire taxable market value of the property is subject to a service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include the time and place of hearing, a map showing the boundaries of the proposed district, and a statement that all persons owning property in the proposed district that would be subject to a service charge will be given opportunity to be heard at the hearing. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Subd. 2. **Notice.** Notice of the hearing must be given by publication in at least two issues of the official newspaper of the city. The two publications must be two weeks apart and the hearing must be held at least three days after the last publication. Not less than ten days before the hearing, notice must also be mailed to the owner of each parcel within the area proposed to be included in the district. For the purpose of giving mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. For properties that are tax exempt or subject to taxation on a gross earnings basis in lieu of property tax and are not listed on the records of the county auditor, the owners must be ascertained by any practicable means and mailed notice given them. At the public hearing a person affected by the proposed district may testify on any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

Subd. 3. **Charges; relationship to services.** The city may impose service charges under sections 428A.01 to 428A.10 that are reasonably related to the special services provided. Charges for service shall be as nearly as possible proportionate to the cost of furnishing the service, and may be fixed on the basis of the service directly rendered, or by reference to a reasonable classification of the types of premises to which service is furnished, or on any other equitable basis.

Subd. 4. **Benefit; objection.** Before the ordinance is adopted or at the hearing at which it is to be adopted, any affected landowner may file a written objection with the city clerk asserting that the landowner's property should not be included in the district or should not be subjected to a service charge and objecting to:

(1) the inclusion of the landowner's property in the district, for the reason that the property would not receive services that are not provided throughout the city to the same degree;

(2) the levy of a service charge on the landowner's property, for the reason that the property is exempted under sections 428A.01 to 428A.10 or the special law under which the district was created; or

(3) the fact that neither the landowner's property nor its use is benefited by the proposed special service.

The governing body shall make a determination on the objection within 30 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the district or district service charges when the determination is made.

Subd. 5. **Appeal to district court.** Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the court administrator of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred shall be taxed to the appellant by the court and judgment entered for them. All objections shall be deemed waived unless presented on appeal.

History: 1988 c 719 art 5 s 84; art 14 s 2; 1989 c 329 art 13 s 20; 1996 c 471 art 8 s 5; 2013 c 143 art 14 s 67

428A.03 SERVICE CHARGE AUTHORITY; NOTICE, HEARING REQUIREMENT.

Subdivision 1. **Hearing.** Service charges may be imposed by the city within the special service district at a rate or amount sufficient to produce the revenues required to provide special services in the district. To determine the appropriate rate for a service charge based on net tax capacity, taxable property or net tax capacity must be determined without regard to captured or original net tax capacity under section 469.177 or to the distribution or contribution value under section 473F.08. Service charges may not be imposed to finance a special service if the service is ordinarily provided by the city from its general fund revenues unless the service is provided in the district at an increased level. In that case, a service charge may be imposed only in the amount needed to pay for the increased level of service. A service charge may not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the imposition of service charges in a district, for each calendar year, a hearing must be held under section 428A.02 and notice must be given and must be mailed to any owner, individual, or business organization subject to a service charge. For purposes of this section, the notice shall also include:

(1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed service charge;

(2) the estimated cost of improvements to be paid for in whole or in part by service charges imposed under this section, the estimated cost of operating and maintaining the improvements during the first year and upon completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements;

(3) the proposed rate or amount of the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year in which the service charge is to be collected; and

(4) a statement that the petition requirements of section 428A.08 have either been met or do not apply to the proposed service charge.

Within six months of the public hearing, the city may adopt a resolution imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued under this section.

Subd. 1a. **Certification of net tax capacity.** Upon a request of the city, the county auditor must certify the most recent net tax capacity of the taxable property subject to service charges within the special service district.

Subd. 2. **Exemption of certain properties from taxes and service charges.** Property exempt from taxation by section 272.02 is exempt from any service charges based on net tax capacity imposed under sections 428A.01 to 428A.10.

Subd. 3. **Levy limit.** Service charges imposed under sections 428A.01 to 428A.10 are not included in the calculation of levies or limits on levies imposed under law or charter.

History: 1988 c 719 art 5 s 84; art 14 s 3; 1989 c 329 art 13 s 20; 1995 c 264 art 16 s 17; 2009 c 88 art 6 s 8

428A.04 ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.

Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 428A.02 and 428A.03. Notice must be served in the original district and in the area proposed to be added to the district. Property added to the district is subject to all service charges imposed within the district after the property becomes a part of the district if it is property of the type that is subject to service charges in the district. On the question of enlargement, the petition requirement in section 428A.08 and the veto power in section 428A.09 apply only to owners, individuals, and business organizations in the area proposed to be added to the district.

History: 1988 c 719 art 14 s 4

428A.05 COLLECTION OF SERVICE CHARGES.

Service charges may be imposed on the basis of the net tax capacity of the property on which the service charge is imposed but must be spread only upon the net tax capacity of the taxable property located in the geographic area described in the ordinance. Service charges based on net tax capacity may be payable and collected at the same time and in the same manner as provided for payment and collection of ad valorem taxes. When made payable in the same manner as ad valorem taxes, service charges not paid on or before the applicable due date shall be subject to the same penalty and interest as in the case of ad valorem tax amounts not paid by the respective due date. The due date for a service charge payable in the same manner as ad valorem taxes is the due date given in law for the real or personal property tax for the property on which the service charge is imposed. Service charges imposed on net tax capacity which are to become payable in the following year must be certified to the county auditor by the date provided in section 429.061, subdivision 3, for the annual certification of special assessment installments. Other service charges imposed must be collected as provided by ordinance. Service charges based on net tax capacity collected under sections 428A.01 to 428A.10 are not included in computations under section 469.177, chapter 276A or 473F, or any other law that applies to general ad valorem levies. For the purpose of this section, "net tax capacity" means the net tax capacity most recently determined at the time that tax rates are determined under section 275.08.

History: 1988 c 719 art 5 s 84; art 14 s 5; 1989 c 329 art 13 s 20; 1995 c 264 art 16 s 18; 1996 c 471 art 11 s 12

428A.06 BONDS.

At any time after a contract for the construction of all or part of an improvement authorized under sections 428A.01 to 428A.10 has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations are payable primarily out of the proceeds of the service charge based on

net tax capacity imposed under section 428A.03, or from any other special assessments or nontax revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to assure payment of the principal and interest if the proceeds of the service charge in the district are insufficient to pay the principal and interest. The obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations need not be included in determining the net debt of the city under the provisions of any law or charter limiting debt.

History: 1988 c 719 art 5 s 84; art 14 s 6; 1989 c 329 art 13 s 20

428A.07 ADVISORY BOARD.

The governing body of the city may create and appoint an advisory board for each special service district in the city to advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose service charges within the district, the advisory board of the district shall have an opportunity to review and comment upon the proposal.

History: 1988 c 719 art 14 s 7

428A.08 PETITION REQUIRED.

No action may be taken under section 428A.02 or 428A.03, unless owners of 25 percent or more of the land area of property that would be subject to service charges in the proposed special service district and either: (1) owners of 25 percent or more of the net tax capacity of property that would be subject to a proposed service charge, based on net tax capacity; or (2) owners, individuals, and business organizations subject to 25 percent or more of a proposed service charge based on other than net tax capacity file a petition requesting a public hearing on the proposed action with the city clerk. If the boundaries of a proposed district are changed or the land area or net tax capacity subject to a service charge or the individuals or business organizations subject to a service charge are changed after the public hearing, a petition meeting the requirements of this section must be filed with the city clerk before the ordinance establishing the district or resolution imposing the service charge may become effective.

History: 1988 c 719 art 5 s 84; art 14 s 8; 1989 c 329 art 13 s 20; 2009 c 88 art 6 s 9

428A.09 VETO POWER OF OWNERS.

Subdivision 1. **Notice of right to file objections.** Except as provided in section 428A.10, the effective date of any ordinance or resolution adopted under sections 428A.02 and 428A.03 must be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a summary of the ordinance or resolution must be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed under section 428A.02. The mailing must include a notice that owners subject to a service charge based on net tax capacity and owners, individuals, and business organizations subject to a service charge imposed on another basis have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is on file with the city clerk for public inspection.

Subd. 2. Requirements for veto. If owners of 35 percent or more of the land area in the district subject to the service charge based on net tax capacity or owners, individuals, and business organizations subject to 35 percent or more of the service charges to be imposed in the district, file an objection to the ordinance adopted by the city under section 428A.02 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 35 percent or more of the land area subject to the service charge based on net tax capacity or owners of 35 percent or more of the net tax capacity subject to the service charge based on net tax capacity file an objection to the resolution adopted imposing a service charge based on net tax capacity under section 428A.03 with the city clerk before the effective date of the resolution, the resolution does not become effective. If owners, individuals, and business organizations subject to 35 percent or more of the service charges to be imposed in the district file an objection to the resolution adopted imposing a service charge on a basis other than net tax capacity under section 428A.03 with the city clerk before the effective date of the resolution, the resolution does not become effective. In the event of a veto, no district shall be established during the current calendar year and until a petition meeting the qualifications set forth in this subdivision for a veto has been filed.

History: 1988 c 719 art 5 s 84; art 14 s 9; 1989 c 329 art 13 s 20; 2009 c 88 art 6 s 10

428A.10 EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.

The petition requirements of section 428A.08 do not apply to second or subsequent years' action to impose service charges under section 428A.03. The right of owners and those subject to a service charge to veto a resolution in section 428A.09 does not apply to second or subsequent years' applications of a service charge that is authorized to be in effect for more than one year under a resolution that has not been vetoed under section 428A.09 for the first year's application. A resolution imposing a service charge for more than one year must not be adopted unless the notice of public hearing required by section 428A.03 and the notice mailed with the adopted resolution under section 428A.09 include the following information:

(1) in the case of improvements, the maximum service charge to be imposed in any year and the maximum number of years the service charge is imposed to pay for the improvement; and

(2) in the case of operating and maintenance services, the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the service charge will be imposed for an indefinite number of years, the service charges will be imposed to pay for operation and maintenance services.

The resolution may provide that the maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.

History: 1988 c 719 art 14 s 10; 2009 c 88 art 6 s 11

428A.101 DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER GENERAL LAW.

The establishment of a new special service district after June 30, 2028, requires enactment of a special law authorizing the establishment.

History: 1996 c 471 art 8 s 6; 2000 c 493 s 4; 2005 c 152 art 1 s 10; 2009 c 88 art 2 s 27; 2013 c 143 art 4 s 30

HOUSING IMPROVEMENT AREAS

428A.11 HOUSING IMPROVEMENT AREAS; DEFINITIONS.

Subdivision 1. **Applicability.** As used in sections 428A.11 to 428A.20, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means a home rule charter or statutory city.

Subd. 3. **Enabling ordinance.** "Enabling ordinance" means the ordinance adopted by the city council establishing the housing improvement area.

Subd. 4. **Housing improvements.** "Housing improvements" has the meaning given in the city's enabling ordinance. Housing improvements may include improvements to common elements of a condominium or other common interest community.

Subd. 5. **Housing improvement area.** "Housing improvement area" means a defined area within the city where housing improvements are made or constructed and the costs of the improvements are paid in whole or in part from fees imposed within the area.

Subd. 6. **Housing unit.** "Housing unit" means real property and improvements thereon consisting of a one-dwelling unit, or an apartment or unit as described in chapter 515, 515A, or 515B, respectively, that is occupied by a person or family for use as a residence.

Subd. 7. **Authority.** "Authority" means an economic development authority or housing and redevelopment authority created pursuant to section 469.003, 469.004, or 469.091 or another entity authorized by law to exercise the powers of an authority created pursuant to one of those sections.

Subd. 8. **Implementing entity.** "Implementing entity" means the city or authority designated in the enabling ordinance as responsible for implementing and administering the housing improvement area.

History: 1996 c 471 art 8 s 7; 1999 c 11 art 3 s 13,14; 2000 c 490 art 11 s 2,3

428A.12 PETITION REQUIRED.

No action may be taken under sections 428A.13 and 428A.14 unless owners of 50 percent or more of the housing units that would be subject to fees in the proposed housing improvement area file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken under section 428A.14 to impose a fee unless owners of 50 percent or more of the housing units subject to the proposed fee file a petition requesting a public hearing on the proposed fee with the city clerk or other appropriate official.

History: 1996 c 471 art 8 s 8; 2010 c 389 art 1 s 22

428A.13 ESTABLISHMENT OF HOUSING IMPROVEMENT AREA.

Subdivision 1. **Ordinance.** The governing body of the city may adopt an ordinance establishing one or more housing improvement areas. The ordinance must specifically describe the portion of the city to be included in the area, the basis for the imposition of the fees, and the number of years the fee will be in effect. In addition, the ordinance must include findings that without the housing improvement area, the proposed improvements could not be made by the condominium associations or housing unit owners, and the designation is needed to maintain and preserve the housing units within the housing improvement area. The ordinance shall designate the implementing entity. The ordinance may not be adopted until a public hearing has been

held regarding the ordinance. The ordinance may be amended by the governing body of the city, provided the governing body complies with the public hearing notice provisions of subdivision 2. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Subd. 1a. **Prerequisites for establishing.** Prior to establishment of a housing improvement area, the governing body of the city must:

(1) provide full disclosure of public expenditures, as well as the terms of any loans, bonds, or other financing arrangements for housing improvement area projects; and

(2) determine whether the association or the implementing entity will contract for the housing improvements, and ensure that any contracts made by the implementing entity are subject to section 471.345.

Subd. 2. **Public hearing.** The notice of public hearing must include the time and place of hearing, a map showing the boundaries of the proposed area, and a statement that all persons owning housing units in the proposed area that would be subject to a fee for housing improvements will be given an opportunity to be heard at the hearing. Notice of the hearing must be given by publication in the official newspaper of the city. The public hearing must be held at least seven days after the publication. Not less than ten days before the hearing, notice must also be mailed to the owner of each housing unit within the proposed area. For the purpose of giving mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. At the public hearing a person owning property in the proposed housing improvement area may testify on any issues relevant to the proposed area. The hearing may be adjourned from time to time. The ordinance establishing the area may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

Subd. 3. **Proposed housing improvements.** At the public hearing held under subdivision 2, the proposed implementing entity shall provide a preliminary listing of the housing improvements to be made in the area. The listing shall identify those improvements, if any, that are proposed to be made to all or a portion of the common elements of a condominium. The listing shall also identify those housing units that have completed the proposed housing improvements and are proposed to be exempted from a portion of the fee. In preparing the list the proposed implementing entity shall consult with the residents of the area and the condominium associations.

Subd. 4. **Benefit; objection.** Before the ordinance is adopted or at the hearing at which it is to be adopted, the owner of a housing unit in the proposed housing improvement area may file a written objection with the city clerk asserting that the owner's property should not be included in the area or should not be subjected to a fee and objecting to the inclusion of the housing unit in the area, for the reason that the property would not benefit from the improvements.

The governing body shall make a determination of the objection within 60 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the housing improvement area or fee when the determination is made.

Subd. 5. **Appeal to district court.** Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the court administrator of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing

body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred are taxed to the appellant by the court and judgment entered for them. All objections are deemed waived unless presented on appeal.

History: 1996 c 471 art 8 s 9; 2000 c 490 art 11 s 4,5; 2009 c 88 art 2 s 28

428A.14 IMPROVEMENT FEES AUTHORITY; NOTICE AND HEARING.

Subdivision 1. **Authority.** Fees may be imposed by the implementing entity on the housing units within the housing improvement area at a rate, term, or amount sufficient to produce revenue required to provide housing improvements in the area to reimburse the implementing entity for advances made to pay for the housing improvements or to pay principal of, interest on, and premiums, if any, on bonds issued by the implementing entity under section 428A.16. The fee can be imposed on the basis of the tax capacity of the housing unit, or the total amount of square footage of the housing unit, or a method determined by the council and specified in the resolution. If a fee is imposed on a basis other than the tax capacity or square footage of the housing unit, the council must make a finding that the alternative basis for the fee is more fair and reasonable. Before the imposition of the fees, a hearing must be held and notice must be published in the official newspaper at least seven days before the hearing and shall be mailed at least seven days before the hearing to any housing unit owner subject to a fee. For purposes of this section, the notice must also include:

- (1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed housing improvement fee;
- (2) the estimated cost of improvements including administrative costs to be paid for in whole or in part by the fee imposed under the ordinance;
- (3) the amount to be charged against the particular property;
- (4) the right of the property owner to prepay the entire fee;
- (5) the number of years the fee will be in effect; and
- (6) a statement that the petition requirements of section 428A.12 have either been met or do not apply to the proposed fee.

Within six months of the public hearing, the implementing entity may adopt a resolution imposing a fee within the area not exceeding the amount expressed in the notice issued under this section.

Prior to adoption of the resolution approving the fee, the condominium associations located in the housing improvement area shall submit to the implementing entity a financial plan prepared by an independent third party, acceptable to the implementing entity and associations, that provides for the associations to finance maintenance and operation of the common elements in the condominium and a long-range plan to conduct and finance capital improvements.

Subd. 2. **Levy limit.** Fees imposed under this section are not included in the calculation of levies or limits on levies imposed under any law or charter.

History: 1996 c 471 art 8 s 10; 2000 c 490 art 11 s 6; 2009 c 88 art 2 s 29

428A.15 COLLECTION OF FEES.

The implementing entity may provide for the collection of the housing improvement fees according to the terms of section 428A.05.

History: 1996 c 471 art 8 s 11; 2000 c 490 art 11 s 7

428A.16 BONDS.

At any time after a contract for the construction of all or part of an improvement authorized under sections 428A.11 to 428A.20 has been entered into or the work has been ordered, the implementing entity may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing.

The obligations are payable primarily out of the proceeds of the fees imposed under section 428A.14, or from any other special assessments or revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body of the city, or if the governing bodies are the same or consist of identical membership, the authority may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to bonds issued by it to ensure payment of the principal and interest if the proceeds of the fees in the area are insufficient to pay the principal and interest. The obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations are not included in determination of the net debt of the city under the provisions of any law or charter limiting debt.

History: 1996 c 471 art 8 s 12; 2000 c 490 art 11 s 8

428A.17 ADVISORY BOARD.

The implementing entity may create and appoint an advisory board for the housing improvement area in the city to advise the implementing entity in connection with the planning and construction of housing improvements. In appointing the board, the implementing entity shall consider for membership members of condominium associations located in the housing improvement area. The advisory board shall make recommendations to the implementing entity to provide improvements or impose fees within the housing improvement area. Before the adoption of a proposal by the implementing entity to provide improvements within the housing improvement area, the advisory board of the housing improvement area shall have an opportunity to review and comment upon the proposal.

History: 1996 c 471 art 8 s 13; 2000 c 490 art 11 s 9

428A.18 VETO POWERS.

Subdivision 1. **Notice of right to file objections.** The effective date of any ordinance or resolution adopted under sections 428A.13 and 428A.14 must be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a summary of the ordinance or resolution shall be mailed to the owner of each housing unit included in the multiunit housing improvement area. The mailing shall include a notice that owners subject to a fee have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is on file with the city clerk for public inspection.

Subd. 2. **Requirements for veto.** If residents of 45 percent or more of the housing units in the area subject to the fee file an objection to the ordinance adopted by the city under section 428A.13 with the city

clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 45 percent or more of the housing units' tax capacity subject to the fee under section 428A.14 file an objection with the city clerk before the effective date of the resolution, the resolution does not become effective.

History: 1996 c 471 art 8 s 14; 2010 c 389 art 1 s 23

428A.19 ANNUAL REPORTS.

Each condominium association located within the housing improvement area must, by August 15 annually, submit a copy of its audited financial statements to the implementing entity. The city may also, as part of the enabling ordinance, require the submission of other relevant information from the associations.

History: 1996 c 471 art 8 s 15; 2000 c 490 art 11 s 10

428A.20 SPECIAL ASSESSMENTS.

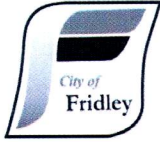
Within a housing improvement area, the governing body of the city may, in addition to the fee authorized in section 428A.14, special assess housing improvements to benefited property. The governing body of the city may by ordinance adopt regulations consistent with this section.

History: 1996 c 471 art 8 s 16

428A.21 DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER GENERAL LAW.

The establishment of a new housing improvement area after June 30, 2028, requires enactment of a special law authorizing the establishment of the area.

History: 1996 c 471 art 8 s 17; 2000 c 490 art 11 s 11; 2005 c 152 art 1 s 11; 2009 c 88 art 2 s 30; 2013 c 143 art 4 s 31



Housing Improvement Area Preliminary Application

Legal Name of Association: Innsbruck North Townhouses Association (INTA)

Mailing Address: c/o Cedar Management, Inc.
7260 University Avenue Northeast, Suite 200
Fridley, MN 55432

Contact Person: Douglas Strandness, HIA Coordinator
Dean Enrooth, INTA Board Representative

Contact Phone: DS – 651-291-1599 Contact Cell: DS – 651-402-7824
DE – 612-790-0960

Contact Email: DS – doug@dunbarstrandness.com
DE - denrooth@yahoo.com

Name of Management Company: Cedar Management, Inc.

Project Information: (Please provide a summary of the improvement project)

Primary scope of work:

- Replace all streets and driveways to the durability & weight-bearing capacity of City streets
- Replace all sanitary sewer lines
- Replace all storm sewer lines and water mains

Secondary scope of work:

- Renovate or replace all other common elements not recently renovated or replaced
- Other common elements include site components, landscaping, pool, playground, and tennis courts

Westwood Professional Services, Inc. will develop biddable plans & specifications for all work, will manage the selection of a general contractor, and oversee all work.

List all improvements to be funded by HIA & estimated budget for each improvement:

Improvement	Estimated Budget
See attached	\$
	\$
	\$
	\$
	\$
	\$

Total: \$ 5,607,840

Describe the process used to determine the scope of the proposed improvements:

The replacement of the streets and driveways has clearly been needed for some time. A detailed evaluation of the sanitary sewers made it clear that they need to be replaced. With the replacement of the streets and driveways, all renovations and replacements of the water mains and storm sewers must be made at the same time to ensure that there will be no need to cut into the streets and driveways for at least the next 30 to 40 years.

The Association had an in-depth replacement reserve study done in 2013 with a follow-up study done in 2020. Both studies made it clear that the large majority of common elements, other than the streets and driveways and the utility lines, are in need of renovation or replacement. The secondary scope of work addresses all of these other common elements.

HIA Financing

What City goals will be addressed by the proposed improvements? (please check all that apply)

- X Neighborhood revitalization & stabilization
- X Upgrade existing housing stock
- X Prevent loss to City tax base
- X Maintain/obtain FHA mortgage eligibility
- ___ Correct housing / building code violations
- X Improve livability of housing stock
- ___ Stabilize/increase owner occupied units
- ___ Other (please list below)

Please explain why HIA financing is necessary to undertake the improvements:

Given the extent of the improvements and the overall cost, the Association has insufficient reserve funds. In addition, the Association does not have the mortgageable collateral necessary for a bank loan.

Please describe the meetings and outreach efforts already made and/or planned to explain HIA financing to association members:

The Board has been discussing infrastructure replacement for over three years. The last three increases in the amount of Association dues have been centered on the need for infrastructure replacement. The option of requesting HIA financing from the City has been discussed at each of the monthly Board meetings for the past six months. All homeowners are invited to attend the monthly Board meetings, either in person or on Zoom. In addition, the Association's monthly newsletter reviews the topics discussed at each Board meeting. The newsletter is mailed to every homeowner each month. An in-depth discussion of HIA financing was part of the November 2020 annual meeting of the Association.

Starting in 2021, weekly Q&A meetings will be held for homeowners. In addition, a website will be set up in January 2021. The website will have all pertinent information regarding HIA financing. The website will address what the Association's goals are for the HIA financing, how it will be implemented – if approved by the City – and what the costs and benefits will be for each homeowner.

What is the proposed term of the HIA? 20 years. (Note 20 years is the maximum).

Please describe how HIA funding will resolve current funding issues and the measures taken by the association to address potential future funding issues:

HIA funding will allow the Association to bring all of its common elements into excellent condition. Based on the 2013 and 2020 replacement reserve studies, the Association will structure its replacement reserve funding, so that going forward, the necessary funds will consistently be available for the timely renovation and/or replacement of common elements.


Please describe other funding sources explored and why they are not feasible:

The need for \$5.6 million to fund the overall project was discussed with two local banks. The banks responded that the Association does have the mortgageable assets necessary for them to loan the Association the needed funds. In addition, it is not credible that the Association can collect a \$19,900 special assessment from all 282 homeowners.

Other Attachments

In order for your pre-application to be reviewed, please provide the following:

- X Letters or other documentation showing efforts to secure private financing.
- X Association bylaws. Declaration and Articles of Incorporation also attached.
- X Audited financial statements for past two years.


Signature

January 4, 2021
Date

Douglas Strandness
Printed Name

HIA Coordinator
Title

For questions about this application and/or process, please contact:

Paul Bolin
City of Fridley HRA
763-572-3591
Paul.Bolin@fridleymn.gov

Innsbruck North Townhouses Association

January 2, 2021

HIA Project

Project Cost

Primary Scope of Work

Streets (see attached detail)

Grading	subcut & regrade	881,809
Erosion control	protect all water areas	106,720
Streets and driveways	replace all	847,440
		<hr/>
		1,835,969

Utility Lines (see attached detail)

Sanitary sewer	replace	999,363
Water mains	replace	417,767
Storm sewer	replace	372,841
		<hr/>
		1,789,971

(see attached site map with streets & driveways)
(see attached site map of sanitary sewers with boundary lines for five construction phases for overall property)

Engineering Costs (see attached detail) **435,100**

Secondary Scope of Work

Site	248,900	
Landscaping	412,700	
Amenities		
Community Center	182,800	
Pool	619,000	
Playground	41,400	
Tennis Courts	42,000	
		<hr/>
		1,546,800

(see attached detail)

HIA Project Total **5,607,840**

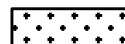


Call 48 Hours before digging:
811 or call811.com
Common Ground Alliance

STREET AND DRIVEWAY REPLACEMENT EXHIBIT

LEGEND

PROPOSED



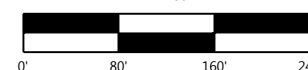
REPLACE STREET PAVEMENT



REPLACE DRIVEWAY PAVEMENT



1" = 80'



NOT FOR CONSTRUCTION

DESIGNED	Item 1.
CHECKED	
DRAWN	
HORIZON	
VERTICAL	
INITIAL ISSUE	
REVISIONS	

PREPARED FOR:
**INNSBRUCK NORTH
TOWNSHIP ASSOC.**
FRIDLEY, MINNESOTA

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME
OR UNDER MY CLOSE PERSONAL SUPERVISION AND THAT I AM
A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS
OF THE STATE OF MINNESOTA
DATE: _____ LICENSE NO. _____

**INFRASTRUCTURE
RECONSTRUCTION
PROJECT**
FRIDLEY, MINNESOTA

Westwood
Professional Services, Inc.
12751 Winnetka Drive, Suite #800
Minnetonka, MN 55343
Phone: (888) 937-5150
Fax: (888) 937-5150
Toll Free: (888) 937-5150
www.westwoodps.com

**PAVEMENT
REPLACEMENT**

SHEET NUMBER:

EXHIBIT

A 23

DATE: 12/30/2020

PROJECT NUMBER: 0028793.00

INNSBRUCK NORTH



AGENDA REPORT

Meeting Date: February 4, 2021

Meeting Type: City Council Special Meeting

Submitted By: Scott Hickok, Community Development Director
Stacy Stromberg, Planning Manager

Title

Discussion Item on Redevelopment Area Priorities

Background

The Final Comprehensive Plan will be coming to before the City Council on February 22, 2021. Within that plan, 21 Potential Redevelopment Areas have been identified. Staff would like to have a discussion with the City Council and the HRA Commission to prioritize the areas, so as opportunities arise in those areas, staff can be productive. Either through purchase of property, assistance with redevelopment costs, etc.

Why staff believes it is an important time to have this prioritization discussion is that some of the sites are starting to want to prioritize themselves, possibly higher than Council and the HRA would have prioritized them. For example, the site at Old Central and Mississippi Street has caused numerous calls to staff as new real estate signs have gone up and future buyers are calling to ask what they can do on the parcels where there is a master plan already in place. Staff advises that they can use the land in its current configuration, but anything short of that, would need to request an amendment to the master plan. Vacant sites need to remain vacant and houses will need to remain as they are. Buyers for these properties appear to be circling and if the Council and HRA wanted to see something more than individual requests by new owners to change their piece of the master plan we should see what other possibilities exist. As we began to anticipate and discuss at a staff level the possible need to revisit the 141-unit senior building master plan approved for this area, Paul Bolin prepared a sketch of a potential housing option to replace that master plan with a patio home project similar to the one completed by Pulte. The success of the Pulte project and the limited land available make a patio home project a good candidate for this area. See attached sketch in your packet.

As Council and HRA members are aware, we are also now generating increment in the Northstar Transit TIF district that can be re-invested in improvements that are between Main Street and the Mississippi River and Hwy 694 and 61st Avenue. Reviewing the Master Plan approved for this area, <https://www.fridleymn.gov/DocumentCenter/View/926/Northstar-Master-Plan?bidId=> will help aid in our discussion, as a couple of the potential redevelopments are located in this area.

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Below staff has prepared a table with the number assigned to the potential redevelopment area, the location of the redevelopment area, and the number we've assigned to it based on whether we think the area could redevelop within the 5 years. Our rating schedule is as follows:

1 = unlikely

3 = somewhat likely

5 = highly likely

Complete = area has been redeveloped

Potential Redevelopment Area #	Location	Staff rated #
1	West Intersection of East River Road and Fairmont Street	1
2	Osborne Road and University Avenue Intersection	3
3	Southwest Intersection of Osborne Road and Hwy 65	1
4	7345 (Saba Property) and 7365 (Legion Property) Central Avenue and 1360 Onondaga Street	1
5	Girl Scout Camp on East River Road	5
6	West Corner of Mississippi Way and East River Road	5
7	Holly Center and (2) Properties to the West	Complete
8	East Intersection of Mississippi Street and Central Avenue	5
9	Existing City Hall Campus Area	Complete
10	Banquets of MN, Vacant Lot (Sinclair) and Daycare	1
11	City Liquor Store and (3) Commercial Properties to the North	1
12	Residential Lots East of Moore Lake along Central	1
13	Moon Plaza and Commercial Lots to the North	1
14	West Train Station	3
15	Georgetown Apartments and Apartments to the North	3
16	East Train Station	Complete
17	Hyde Park Neighborhood	1
18	Home Depot/Goodwill	3
19	Commercial Strip Between 57 th Place and 57 th Avenue	1
20	Neighborhood South of 57 th Avenue and East of University Avenue	3
21	Pawn American and Two Lots South	Complete

When staff was rating each redevelopment area, we considered several factors: 1. Is the land privately owned or does it have some public ownership 2. The potential cost of redevelopment 3. Whether there has been any recent reinvestment that has taken place (ex. Mike's Discount Foods building and landscaping improvements, old Sinclair site on Hwy 65 redeveloped with a Caribou Coffee) 4. Unique funding opportunities – Northstar TIF District, State and Federal Grants, MnDOT 5. Urging by the public through their input in future land use discussion during the Comp Plan process

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Staff is looking forward to getting the Council and Commission members thoughts and opinions as we contemplate the next stages of Fridley Redevelopment Future. Please review and prioritize each area based on the information provided. Staff is looking for guidance and recommendations on next steps, which could include land acquisition.

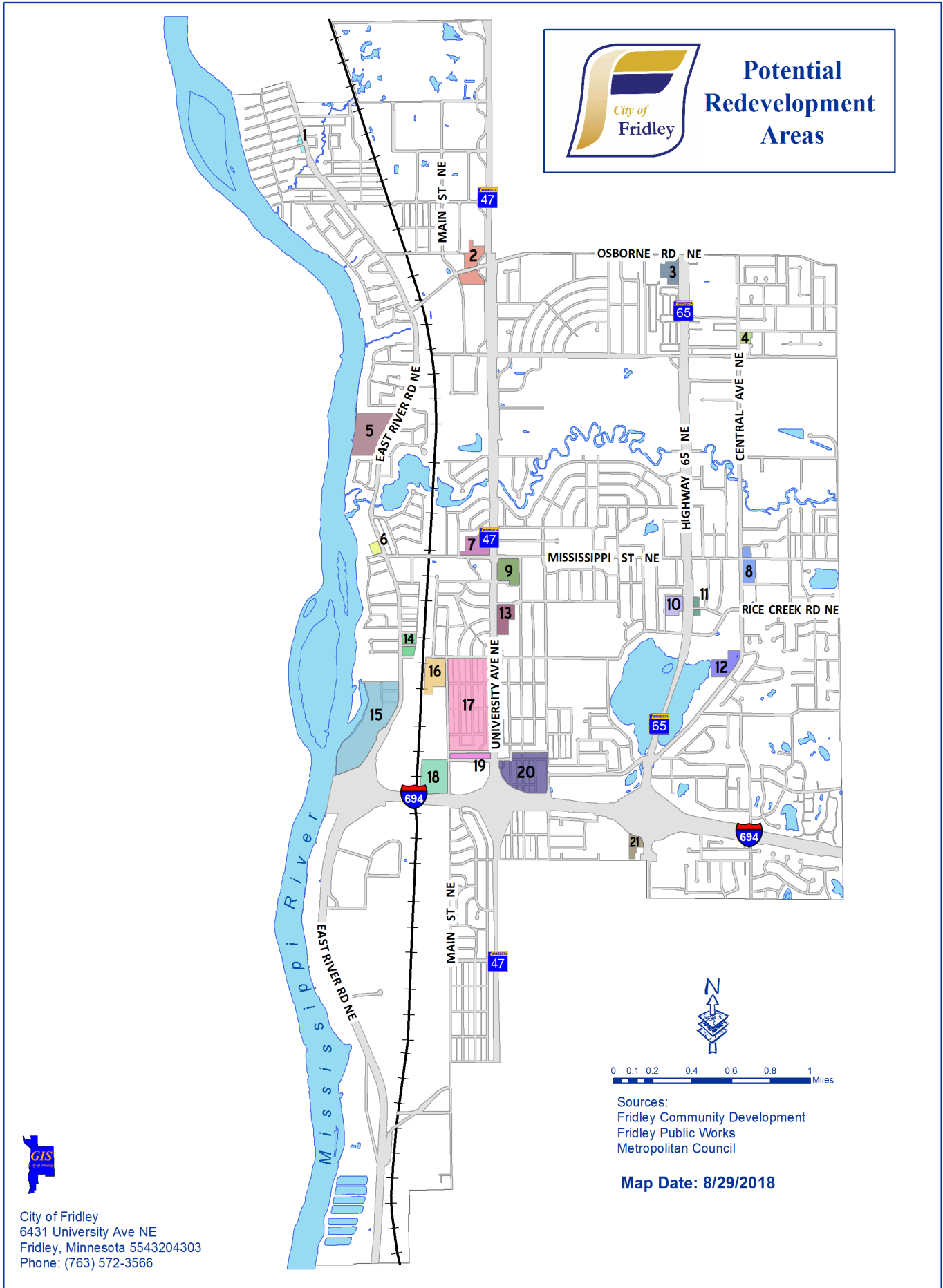
Attachments and Other Resources

- Potential Redevelopment Area Map
- Potential Redevelopment Areas described
- Sketch drawing of potential patio home project at Central Avenue and Mississippi Street
- Potential Redevelopment Area Discussion PowerPoint

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Figure 1.5 Potential Redevelopment Areas



1. West Intersection of East River Road and Fairmont Street

This location is comprised of three small commercial lots north of Fairmont Street, and a vacant commercially zoned lot, south of Fairmont Street. In 2012, Fridley, Coon Rapids and Anoka County completed a study of East River Road to identify concepts for improving safety and mobility. This study also considered improvements to enhance the corridors appearance and economic vitality.

East River Road has many access points throughout the corridor and the study evaluated each street that could end in a cul-de-sac to reduce access points to East River Road. This study identified that the south end of Fairmont Circle and Fairmont Street are too closely spaced, resulting in multiple entry points in a short distance. This poses potential conflicts and safety concerns. One solution is to realign Fairmont Street to the south to align with the south end of Fairmont Circle in order to create a four-way intersection. This street realignment would require approximately 9,000-12,000 sq. ft. of commercial lot, which would leave a piece of land south of Fairmont, that could be redeveloped with a single family home. The northern lots could continue to be used for local commercial uses because this neighborhood is in need of access to food, so it is important to preserve commercial zoning on this corner to allow for potential future redevelopment.



2. Osborne Road and University Avenue Intersection

This intersection was identified as a potential redevelopment area in the 2030 Comprehensive Plan. It has been selected by the City’s Police Department as one of the most accident prone intersections in Fridley. It is located in the midst of a busy retail area and the Service Road access is too close to the Highway 47 intersection. In addition to the traffic safety issues, some of the structures in this 11 acre site need to be redeveloped. These buildings include the old Kennedy Transmission building at 7700 University Avenue, the former Lyndale Garden Center site at 7616 Osborne Road, which is now part of Bob’s Produce, and the Mike’s Discount Food/ Tried and True Tool building at 7550 University Avenue. These buildings look outdated, have too much parking and are inadequately landscaped. There are many industrial uses west and south of 7550 University Avenue, so staff envision this area being a mix of both industrial and commercial users.



6. West Corner of Mississippi Way and East River Road

This potential redevelopment area includes three small commercial lots currently occupied by Perfect 10 Carwash, a 2-3 tenant strip mall, and a small mini-golf area that has been abandoned. It is 1.75 acres and is currently zoned C-1, Local Business. The existing zoning is aligned with a potential new user. The best re-use of these parcels would be to take these underutilized parcels and combine them for a single user that could provide a convenience and possibly a fresh food opportunity considering the largely populated residential area surrounding these parcels.



Item 2.

7. Holly Center and (2) Properties to the West

Holly Center, located at 6530 University Avenue, was originally constructed in 1957 and has approximately 9 acres of land. This property was also included as a potential redevelopment area in the last Comprehensive Plan update. Staff continue to hear from Fridley Citizens that something needs to be done with this property. Updates are needed to the structure and façade. There is also an overabundance of parking, which is now informally being used as a park and ride site. Two additional parcels addressed as 201 and 203 Mississippi Street have been added to the redevelopment area because they are small commercial buildings located on parcels zoned R-3, Multi-Family. Both lots are non-conforming to lot size, so in the event that redevelopment of the Holly Center occurs, these two lots should also be considered. In 2016, University of Minnesota students completed a Transportation Study for the City and identified this area as having a high potential for redevelopment into a mixed-use development with upper level housing and first floor retail.



30

8. East Intersection of Mississippi Street and Central Avenue

The Future Land Use map continues to guide the northern portion of this intersection for commercial type uses. Focus should be given to similar type uses, like gas, convenience, barber, and dog groomer, but other convenience uses could be added to provide fresh food, a coffee shop, or fast food. The southern portion of the intersection is zoned S-2, Redevelopment District and has received approval to have a mixed use building constructed on it with small elements of commercial on the ground floor and residential above. That concept would align with the vision in the Future Land Use map.



9. Existing City Hall Campus Area

The new Civic Campus building is complete at what was the former Columbia Arena, therefore leaving the City Hall building and property at 6431 University Avenue vacant and ready for redevelopment. This redevelopment area is approximately 9 acres in size and includes not only the previous City Hall property but also the former Cummin’s property at 6499 University Avenue and the medical building at 6341 University Avenue. It is anticipated that these areas will remain as commercial/medical uses. The former City Hall property has received City Council approval to redevelop the property to construct a 135-unit “with services” senior building that will be operated by Ebenezer Homes.



Adjusted Density Range
Due to the unique circumstances of this area, the density range of the MFR land use have been increased to 30.0 u/a - 40.0 u/ac

10. Banquets of Minnesota, Vacant Lot (Sinclair) and Daycare

This area is approximately 5.3 acres and includes the Banquets of Minnesota building (originally a bowling alley), a building that is currently a daycare, and two vacant lots, one of which had a Sinclair Service station on it years ago. The Future Land Use map continues to designate this area as commercial.



Banquets of Minnesota did a major exterior and interior remodel of the building when they purchased the property, which has improved the image of this property. However, the overall area could use some new landscaping and stormwater treatment amenities. There are also improvements that could be made to the daycare building, and construction of a new commercial building could also improve this area.



11. City Liquor Store and (3) Commercial Properties to the North

This redevelopment area is occupied by a City Liquor Store and three other underutilized commercial businesses to the north. This Liquor Store location hasn't been as profitable for the City, so the City is exploring obtaining another location to operate a City Liquor Store. It is anticipated that the Liquor Store parcel should be guided commercial; however, the lots to the north may function better as multi-family housing.

12. Residential Lots East of Moore Lake along Central

There are six large single family lots along the northeast edge of Moore Lake. The City owns three of the lots and the other three are privately owned. The total lot area is approximately 7.5 acres. Considering the City owns a portion of this land, if the area is considered for redevelopment in the future, a multi-family complex overlooking the lake should be considered. This area should be accessible to all the commercial retail and restaurants along East Moore Lake Drive.



13. Moon Plaza and Commercial Lots to the North

The Moon Plaza strip mall was constructed in the 1960s and was guided for commercial redevelopment in the last Comprehensive Plan update. The strip mall building is outdated and could use a face lift. The property is over-parked for the type of retail businesses that occupy the building. It also struggles with poor access issues, making it difficult for retail businesses to survive. Also included in this redevelopment area are three parcels to the north. One is occupied by the Alano Society, and the other is a small single story office building. The lot to the east is primarily vacant with a ¼ of the lot used for utility purposes. Office/commercial uses should be considered in the redevelopment of this area.



14. West Train Station

The Northstar Commuter Rail Line makes a stop in Fridley. The station provides public parking for riders on both the west and the east side of the tracks. A Transit Oriented Development (TOD), Tax Increment Financing (TIF) Master Plan was approved by the City Council in December 2014. Within this plan, the west side of the location is being guided for multi-

family residential, with a townhome style development. The north side is being utilized for stormwater ponds and the east side, closest to the tracks will be designated for parking for the commuter rail users.

15. Georgetown Apartments and Apartments to the North

This redevelopment area will continue to be guided as multi-family. The Georgetown Apartments are generally in good condition; however the apartments to the north are in poor shape and need to be updated. This area has been on the City’s radar for years to consider for redevelopment, which is one of the reasons that the HRA purchased the property at 6000 East River Road when it was for sale. Islands of Peace Park, along the river, is situated behind the apartment buildings. Increased visibility of the Park from East River Road is a component of the NorthStar TOD Master Plan.



Georgetown Existing street view



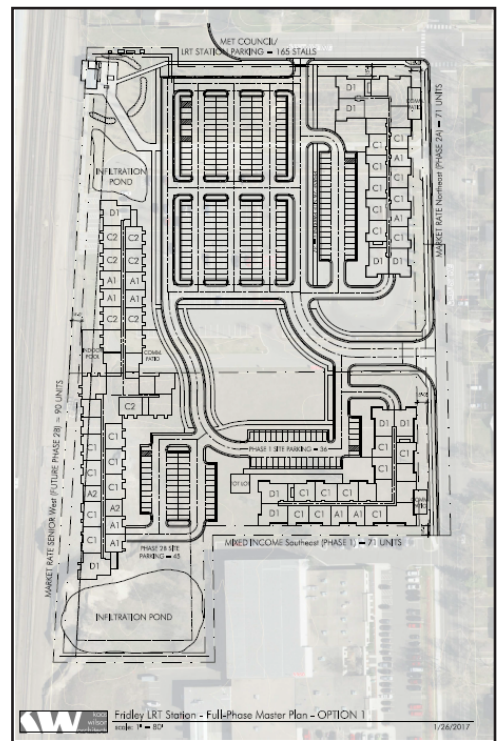
Georgetown Potential street view

This would encourage more use of hidden park. Multi-family housing will be situated around the park, along with the construction of new parkways. .

Adjusted Density Range
Due to the unique circumstances of this area, the density range of the MFR land use have been increased to 15.0 u/a - 40 u/ac

16. East Train Station

The East Northstar Train Station redevelopment area is owned by the City's HRA and has a lease with Metro Transit to provide 337 parking stalls for Northstar train riders. The site is 11 acres and is currently over-parked and underutilized. The HRA staff have been in contact with Metro Transit to consider reducing the amount of parking stalls required for this transit stop. The HRA is working with a local developer to construct approximately 232 units of multi-family housing on the site in a phased development. Each building will provide for underground parking and surface parking to meet the demands of the tenants. A portion of the property will remain as parking for transit users, but staff believe that the required number can be decreased based on current demand needs and the ability to share parking areas with the new development. Shared parking would allow the Northstar riders to park during the day and visitors of the apartments to park during the evening and weekend.



17. Hyde Park Neighborhood

The Hyde Park Neighborhood has its own unique, overlay zoning district and consists of a mixture of single family housing and multi-family housing along with one commercial user. The City continues to guide this neighborhood for redevelopment or Mixed Residential. Mixed Residential can consist of a variety of residential types, including single family, medium density residential and high density residential. With its close proximity to both train and bus transit and the commercial retail users to the south, including a grocery store, this neighborhood offers the feasibility to live without a car. This neighborhood also provides a mixture of affordable housing types. However, due to the age of many of the buildings within this neighborhood, there is an opportunity for re-investment and redevelopment.



18. Home Depot/Goodwill

The property at 5650 and 5660 Main Street is occupied by a Home Depot and a Goodwill store. Both are successful businesses and contribute to the retail hub of this area. However, the overall property is underutilized and over-parked. City code standards have changed related to retail parking requirements, so the parking area could be reconfigured and reduced. The Northstar TOD Master Plan, approved in 2014, shows the addition of two commercial outlots along Main Street. The community continues to ask for more restaurant options, so these outlots could provide that amenity.

19. Commercial Strip Between 57th Place and 57th Avenue

This single block provides a buffer between the residential development to the north and the commercial area to the south. Redevelopment of this area should stay commercial; however, better pedestrian access and connections could be made between the Hyde Park neighborhood and the retail businesses. This area should be guided for commercial use.



20. Neighborhood South of 57th Avenue and East of University Avenue

The City is still interested in pursuing the City View Corridor Master Plan that was highlighted in the previous Comprehensive Plan update. This plan would make Medtronic Parkway a continuous roadway from Hwy 65 to Main Street and potentially East River Road. It would provide another much needed east-west connection in the City and connect 4,000 employees to what is the City's largest retail area.

The residential area that would need to be redeveloped to accommodate the new parkway is currently zoned single and multi-family housing. While this area could support some mixed use, it would support less commercial than previously thought ten years ago due to new commercial development along 57th Avenue, west of University Avenue.



21. Pawn America and Two Lots South

This redevelopment area was highlighted in the last Comprehensive Plan update; however, one of the properties highlighted ten years ago has been redeveloped. What was an old and outdated gas station site, at 5300 Central Avenue, is now a new multi-tenant commercial/retail building that is home to a Starbucks, an AT&T store and a restaurant. The parcels that continue to be in the redevelopment area consist of a restaurant, a vacant parcel (former car wash), and a multi-tenant building, with Pawn America as its main anchor. The properties were at one time part of the Target property and as a result, remain in a C-3, General Shopping Zoning District, which makes it difficult to allow for redevelopment, as they do not meet minimum lot requirements. These properties also have poor access. Future redevelopment should involve a rezoning to C-2, General Business, which will provide performance standards that will make redevelopment feasible. The retaining wall design and stormwater drainage issues need to be resolved, as well. This will be easier to do once the vacant site (former car wash) is redeveloped.

Redevelopment areas #5 and #15, which are on the Mississippi River, could provide natural habitat for wildlife, including rare species, according to DNR mapping. The City will look to the corresponding watershed districts and the DNR for guidance when reviewing development proposals for these two areas.

In addition to the 21 redevelopment areas listed in this chapter, other locations will develop. The sites listed above are areas where the City anticipates land use changes. For example, approximately 13 acres of the Medtronic Corporate Center is yet to be developed. As it is master planned, the City anticipates the employment to double on that site, adding another 1,758 jobs. That is the only large piece of vacant land left in the City to be developed. Additional employment opportunities will come as land use intensifies at existing businesses, which will be possible if the City reduces parking requirements for commercial and industrial zoning districts as anticipated.



Potential Redevelopment
Central Ave. and
Mississippi St.

20-22 patio homes
New right-of-way

East River Road & Fairmont

Item 2.

- Includes 3 small commercial lots north of Fairmont Street and a vacant (Texaco) lot south of Fairmont Street
- Potential to realign Fairmont Street to align with the south end of Fairmont Circle – would require approx. 12,000 sq. ft. of the vacant commercial lot for ROW
- Redevelopment could include: SF home south of the new roadway and continued commercial uses on the parcels to the north
- Acres of land impacted: 1.11
- Cost of redevelopment of lots: \$478,000



Osborne & University

- Area selected:
 - PD notes that it's one of the most accident prone intersections in Fridley
 - Tired structures, in need of reinvestment or redevelopment
- Vision a mix of industrial and commercial



Item 2.

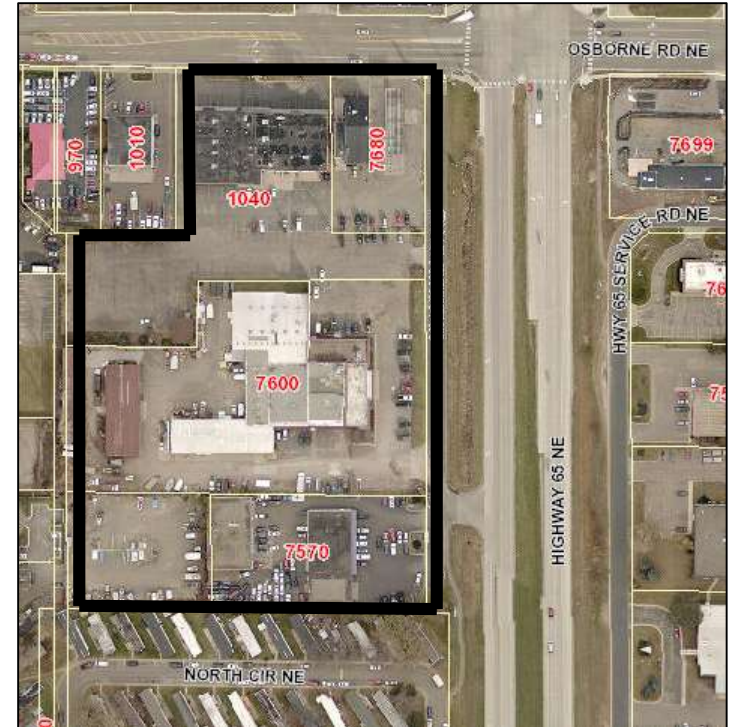


- Cost of redevelopment: \$6.5 Million
- Acres of land impacted: 10.08

SW Intersection Osborne & Hwy 65

Item 2.

- Entrance to Fridley from the North
- Includes the Fridley VFW, old Lambert Lumber Building (BDA Associates), and Sam's Auto World
- Building conditions and site conditions have been problematic
- Redevelopment should address access to sites, storm water management, landscaping, and curb appeal.



Cost of redevelopment:
\$5.5 Million
Acres of land impacted:
7.04

Mixed Zone Central & Onondaga

Item 2.

- Consists of 3 lots – zoned C-1, Local Business and C-2, General Business
- Potential re-use as a mix of duplexes and single family homes
- Cost of redevelopment: \$1.2 Million
- Acres of land impacted: 2.10



Girl Scout Camp

- The Metropolitan Council owns 22 acre site.
- 2/3 of the site is wetland
- Residential development unlikely
- City use the river front property as an amenity – with trail system around the wetland, with potential access to the River for viewing or recreation.
- Estimated cost: \$38.00/LF for trail construction = \$76,000.00



Mississippi Way & East River Road

Item 2.



Consists of 3 small commercial lots that include Perfect 10 Carwash, 2-3 tenant strip mall and mini-golf lot

Potential re-use could be to combine lots for a single user convenience with fresh food opportunities

- Cost of redevelopment: \$965,000.00

- Acres of land impacted: 1.75



East Intersection Mississippi St & Central Ave

Item 2.



- Existing commercial business on the north and residential and vacant land on the south
- Continue to guide the north parcels for commercial convenience uses
- Southern portion zoned S-2, Redevelopment District – potential for mixed use building or new residential

Cost of redevelopment: \$2.2 Million
Acres of land impacted: 5.84

Banquets of Minnesota, Vacancy, Daycare

- Area consists of the Banquets of MN building, a daycare building and 2 vacant lots
- Continue to guide for Commercial
- Banquets of MN did a major exterior and interior remodel which has improved the image of the area
- Continue to focus on Image – exterior of daycare building, new landscaping, stormwater treatment amenities
- Cost of redevelopment: \$1.1 Million
- Acres of land impacted: 5.03



City Liquor & Commercial Properties

Item 2.

- Area includes the Hwy 65 Liquor Store and 3 underutilized commercial parcels
- Guide for Commercial and MF
- Cost of redevelopment: \$900,000
- Acres of land impacted: 1.21



Residential Lots on Moore Lake

Item 2.

- Consists of 6 SF lots
- City owns 3 lots, others are privately owned
- Potential redevelopment could include a multi-family complex overlooking the lake
- Cost of redevelopment: \$1.4 Million
- Acres of land impacted: 7.68



Moon Plaza

- For redevelopment office/commercial uses should be considered.
- Building is fully leased but is overparked and has access issues.
- Cost of redevelopment: \$3.3 Million
- Acres of land impacted: 3.64
- *MPCA Dry Cleaner Fund





Apartment North of Georgetown Apartments

- The Island Park and Charles Street apartments are in poor shape and in need of updating.
- Still guided for MF with an improved access to Islands of Peace Park.
- Also potential redevelopment opportunities could arise with the 57th Avenue extension
- Relocation cost of tenants: \$544,000
Redevelopment of land: \$17.4 Million
- Investment for single family homes: \$552,000
- Approximate Total= \$18 Million

Hyde Park Neighborhood

- Area consists of a mixture of SF, MF, and 1 commercial user
- Guided for Mixed Residential – which can consist of a variety of residential housing types
- Close proximity to train and bus transit and commercial retail, including grocery make this neighborhood appealing for those that don't have a car – also in the TOD overlay
- There is a potential opportunity to create a loan program to inspire owners to invest into their properties.



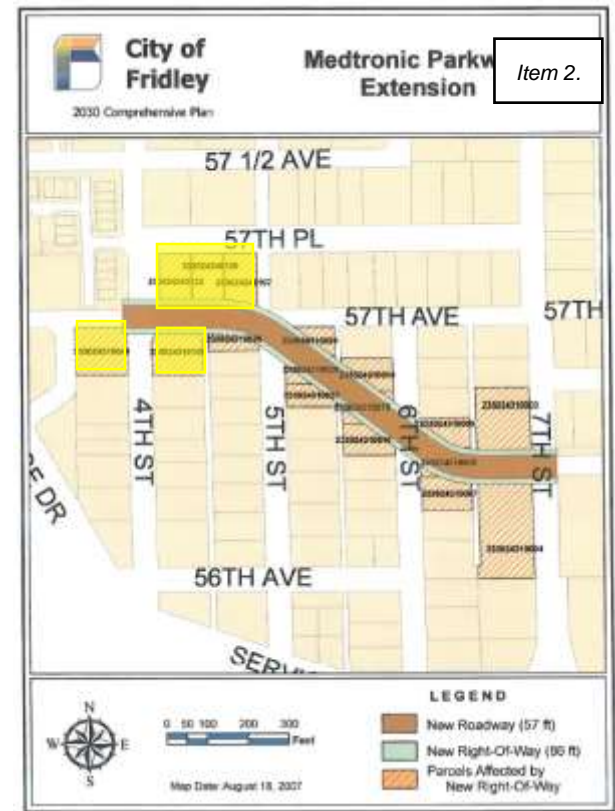
57th Avenue NE Commercial Strip

- Continue to guide as Commercial
- Improve pedestrian access and connections to both the Neighborhood and Commercial properties to the south

- Cost of redevelopment:
\$3.4 Million
- Acres of land impacted:
1.76

Medtronic Parkway Expansion

- Concept was in 2030 Comp Plan
- Continued interest for the east-west connection
- Residential area would need to be redeveloped



Acres of land impacted: 5.02
 Approx. 1135 feet of road
 X \$1,000/LF (with utilities)= \$1.1 Million
 Cost of buying & reformatting apartments=
 \$195,000.00
 Cost for single family homes= \$2.4 Million
 Incomplete total= \$2.58 Million



Pawn America & Lots

- Redevelopment is happening by the private market
- Things to be addressed with a redevelopment: problems with the retaining wall, storm water drainage, utility locations and access
- Acres of land impacted: 4.25
- Cost of redevelopment: \$5.2 Million





AGENDA REPORT

Meeting Date: February 4, 2021

Meeting Type: City Council / HRA Special Meeting

Submitted By: Paul Bolin, Asst. Executive Director

Title

Special Legislation – Excess Northern Stacks Increment for Housing Programs

Background

Due to quicker than anticipated buildout, favorable interest rates and higher than anticipated values, the Northern Stacks TIF District is generating tax increment in excess of what is needed to repay their development bonds. It is estimated that, between now and 2041, the TIF District will generate approximately \$1M per year in excess increment.

One option for the increment would be to put a portion of the excess increment into a “sinking” fund to cover any potential shortfalls in increment and terminate the TIF District seven or eight years early. Staff is recommending using this once in a lifetime opportunity to provide additional resources for Fridley’s Housing programs. A few changes to existing TIF Statutes would allow the City/Authority to put the excess increment to work preserving, rehabbing and upgrading Fridley’s housing stock.

HRA Attorney Casserly and I will provide a brief overview during Thursday’s work session. Attorney Casserly and Staff have prepared resolutions of support to be presented to the Authority for approval on February 4th and to the Council for approval on February 8th.

Attachments and Other Resources

- Explanation of Bill
- HRA Resolution of Support
- City Council Resolution of Support

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Explanation of the Special Legislation

The Special Legislation provides for Special Rules applicable only to the City's TIF District No. 20.

Paragraph (a) allows for revenues from redevelopment tax increment district No. 20 to be available for any of the HRA revolving loan and grant programs. It further increases the percentage from 25% to 50% of the tax increment that can be available.

Paragraph (b) removes the Five Year Rule (in which tax increment must be spent) and other requirements for expenditures and the use of revenues for the district.

Paragraph (c) provides that City/Authority must elect to use the Special Rules, if approved, by December 31, 2023.

The effect of this Special Legislation, if approved, is to provide the Authority with approximately \$1.0M/year for the next 20 years exclusively for its housing programs.