



MINUTES OF THE EDA SPECIAL MEETING

EDA Members Present: Russ Smith, Lara Wilkinson, Mike Schultz, Ross Peterson

EDA Members Absent: Shelly Peterson, Steve Micke, Dave Bjerkness

Staff Present: Holly Butcher (City); Kelly Zink (Cloquet Area Chamber of Commerce)

Others Present: Erin Anderson, Commonwealth Development Corporation, Vice President of Development, Deb Shaff, Cloquet HRA; Cindy Slater, HRA Board; Stephanie Fredrickson, HRA Board

WELCOME AND INTRODUCTIONS

President Ross Peterson welcomed everyone and asked for introductions.

SPECIAL PRESENTATION BY COMMONWEALTH / CLOQUET HRA

Deb Shaff provided some project background stating the HRA wanted to act upon the 2014 Cloquet Housing Study and formed the Housing Institute in January 2015 that identified this project. An RFP was released in December 2015 and Erin Anderson of Commonwealth was selected as the developer in March 2015. Ms. Shaff turned it over to Ms. Anderson to review project details.

Erin Anderson stated that on this project Commonwealth will be providing development services related to preparing application and obtaining project financing as well as general contracting and architectural services as their company is vertically integrated with all of these services in-house. She provided some background on Commonwealth as a company stating they are headquartered in Fond Du Lac, WI with offices in six other locations in the U.S. with 137 employees. Ms. Anderson has worked on 7 affordable housing projects in Minnesota.

Commonwealth responded to the RFP which originally requested 36 units and the proposed project is at 35 units. The lot on which this project is proposed is long and narrow, as such so too is the project. The title transfer should be straightforward as the HRA currently owns the property and Commonwealth recently surveyed the location for the new development. Parking will be both underground in the building as well as providing surface parking with 72 total spaces. There will be a patio and playground along the northern side of the property. The selected roof pitch that is proposed was intentionally used to blend in with residential surroundings along with neutral colors and textured materials. This project will need to seek a



variance for density, mentioning that in 2009 the City Code reduced the density per acre from 32 to 20 units per acre.

Ms. Anderson reviewed the unit mix by bedrooms, proposed rents, income limits, and stated that each unit will have their own washer/dryer and open floor plan:

- 6 one bedroom units (685sf)
- 26 two bedroom units (975-1030sf)
- 3 three bedroom units (1290sf)
- In terms of utility payments: tenants will pay for heat and electricity; HRA will pay for water, sewer, and garbage.
- Of the above units, 7 will be provided rent assistance and held as supportive housing (mentally challenged or homeless).

Ultimately, the rents offered will depend on the primary project financing received/being sought from the state (MHFA – Minnesota Housing Finance Agency). Ms. Anderson reviewed the general 9% tax credit proposal displaying that under this scenario lower rents will be able to be provided with 1/3 units at 30% AMI (11 units) and 2/3 (24 units) at 50-60% AMI. Then she displayed the 4% scenario showing 11 units at 50% AMI and 24 units at 60% AMI. Ms. Anderson reviewed the proposed financing for the 9% tax credits and then the 4% tax credits (nothing higher legal fees with the 4% and other gap financing needed). She noted that the HRA will receive 10% of the developers fee.

She explained tax credits and their term being 15 years but MHFA's compliance period being 30 years. She reviewed the project timeline showing applications due June 2016, notification October 2016, construction spring 2017 and completion spring 2018.

QUESTIONS?

Commissioner Ross Peterson asked for a project proforma. Ms. Anderson said she would provide staff with the 15 year operational proforma to include in next week's EDA meeting packet.

Kelly Zink asked for more clarification on who would occupy the proposed building? Ms. Anderson reviewed the tenant mix under the 9% and then the 4% tax credit financing. Ms. Butcher asked how those compare with the current tenant mix of Aspen Arms? Ms. Shaff explained that the Aspen Arms Public Housing building is occupied by 2/3 30% AMI and 1/3 above that threshold 50% AMI. Ms. Anderson noted a key difference with this proposed



CLOQUET ECONOMIC DEVELOPMENT AUTHORITY
City Hall 1307 Cloquet Avenue Cloquet, MN 55720
May 4, 2016 at 8:00 a.m.

building is that tenants need to have an income unlike Aspen Arms public housing that provides housing even if income is zero.

Next meeting date

May 11, 2016

ADJOURNED 9:00 a.m.

Respectfully submitted,

Holly L. Butcher, Community Development Director