



ECONOMIC DEVELOPMENT AUTHORITY
City Hall—Shared Vision Room, 3989 Central Ave NE
Monday, June 02, 2025
5:00 PM

MINUTES

The meeting was called to order at 5:00 pm by President James

CALL TO ORDER/ROLL CALL

Members present: Connie Buesgens; Laurel Deneen; Lamin Dibba; Rachel James; Marlaine Szurek

Members absent: Amáda Márquez-Simula; Justice Spriggs

Staff Present: Andrew Boucher, City Planner; Aaron Chirpich, City Manager; Mitchell Forney, Community Development Director; Sarah LaVoie, Administrative Assistant; Emilie Voight, Community Development Coordinator

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the Regular EDA Meeting of May 05, 2025.
2. Approve financial reports and payment of bills for April 2025 – Resolution No. 2025-13.

Motion by Deneen, seconded by Buesgens, to approve the Consent Agenda as presented. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2025-13

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTH OF APRIL 2025 AND THE PAYMENT OF THE BILLS FOR THE MONTH OF APRIL 2025.

WHEREAS, the Columbia Heights Economic Development Authority (the “EDA”) is required by Minnesota Statutes Section 469.096, Subd. 9, to prepare a detailed financial statement that shows all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the EDA's credits and assets, and its outstanding liabilities; and

WHEREAS, said Statute also requires the EDA to examine the statement and treasurer's vouchers or bills and if correct, to approve them by resolution and enter the resolution in its records; and

WHEREAS, the financial statements for the month of April 2025 have been reviewed by the EDA Commission; and

WHEREAS, the EDA has examined the financial statements and finds them to be acceptable as to both form and accuracy; and

WHEREAS, the EDA Commission has other means to verify the intent of Section 469.096, Subd. 9, including but not limited to Comprehensive Annual Financial Reports, Annual City approved Budgets, Audits and similar documentation; and

WHEREAS, financial statements are held by the City's Finance Department in a method outlined by the State of Minnesota's Records Retention Schedule,

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Columbia Heights Economic Development Authority that it has examined the referenced financial statements including the check history, and they are found to be correct, as to form and content; and

BE IT FURTHER RESOLVED the financial statements are acknowledged and received and the check history as presented in writing is approved for payment out of proper funds; and

BE IT FURTHER RESOLVED this resolution is made as part of the permanent records of the Columbia Heights Economic Development Authority.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 2nd of June, 2025

Offered by: Laurel Deneen

Seconded by: Connie Buesgens

Roll Call: All ayes of present. MOTION PASSED.

President

Attest:

Secretary

BUSINESS ITEMS

3. Façade Improvement Grant Report for Capati Bermeo Inc (Mr Fuego Grill) located at 4001 University Ave NE.

Voight reported that the report pertains to the 2025 Façade Improvement Grant application for 4001 University Ave NE. This restaurant building was formerly owned and occupied by the Afandina Cafe. The new tenant is Mr. Fuego Grill, an Ecuadorian restaurant owned and operated by Capati Bermeo Inc. The new tenant has a contract for deed agreement for the property. The applicant is applying for grant funds for new storefront signage on two sides of the exterior façade. Photos of the existing conditions and images showing the proposed new signage have been included in the packet.

Voight noted the applicant was able to receive one bid for the signage, amounting to \$9,203.50, setting them up for a grant amount of \$4,601.75. Community Development staff recommend

funding this project in full as the new signage will reflect the change in building occupancy and will help attract customers. Thus far in 2025, the EDA has approved one Façade Improvement Grant application for a total of \$2,147.50 approved, with an additional \$4,601.75 being requested at this meeting. This leaves \$73,250.75 in Façade Improvement Grant funds remaining from the initial annual budget of \$80,000.

Questions/Comments from Members:

James noted that the proposed sign says “Autentic” and wondered if it was a misspelling. LaVoie replied that in the particular area in South America, it is spelled “autentic.” James requested to verify that the spelling is correct with the applicants. Forney added that the façade grant came from doing business outreach.

Motion by Dibba, seconded by Deneen, to waive the reading of Resolution No. 2025-14, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Dibba, seconded by Deneen, to approve Resolution No. 2025-14, a Resolution of the Columbia Heights Economic Development Authority, approving the form and substance of the Façade Improvement Grant Agreement, and approving authority staff and officials to take all actions necessary to enter the authority into a Façade Improvement Grant Agreement with Capati Bermeo Inc (Mr Fuego Grill). All ayes of present. MOTION PASSED.

RESOLUTION NO. 2025-14

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FORM AND SUBSTANCE OF THE FAÇADE IMPROVEMENT GRANT AGREEMENT, AND APPROVING AUTHORITY STAFF AND OFFICIALS TO TAKE ALL ACTIONS NECESSARY TO ENTER THE AUTHORITY INTO A FAÇADE IMPROVEMENT GRANT AGREEMENT WITH CAPATI BERMEO INC. (MR FUEGO GRILL)

WHEREAS, the City of Columbia Heights (the “City”) and the Columbia Heights Economic Development Authority (the “Authority”) have collaborated to create a certain Façade Improvement Grant Program (the “Program”); and

WHEREAS, pursuant to guidelines established for the Program, the Authority is to award and administer a series of grants to eligible commercial property owners and/or tenants for the purposes of revitalizing existing storefronts, increasing business vitality and economic performance, and decreasing criminal activity along Central Avenue Northeast and in the City’s Business districts, pursuant to a Façade Improvement Grant Agreement with various property owners and/or tenants; and

WHEREAS, pursuant to the Program, the City is to coordinate a surveillance camera monitoring program by placing surveillance cameras on some of the storefronts that are part of the Program for the purposes of improving public safety in and around the Central Business District; and

WHEREAS, the Authority has thoroughly reviewed copies of the proposed form of the Grant Agreement.

NOW, THEREFORE BE IT RESOLVED that, after appropriate examination and due consideration, the Authority

1. approves the form and substance of the Grant Agreement, and approves the Authority entering into the Agreement with Capati Bermeo Inc (Mr Fuego Grill).
2. that the City Manager, as the Executive Director of the Authority, is hereby authorized, empowered, and directed for and on behalf of the Authority to enter into the Grant Agreement.
3. that the City Manager, as the Executive Director of the Authority, is hereby authorized and directed to execute and take such action as they deem necessary and appropriate to carry out the purpose of the foregoing resolution.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Offered by:	Lamin Dibba
Seconded by:	Laurel Deneen
Roll Call:	All ayes of present. MOTION PASSED.
	_____ President
Attest:	
	_____ Secretary

4. NOAH Program Discussion and Proposal

Voight reported that at its February meeting, the EDA directed Community Development staff to develop a proposal to support naturally occurring affordable housing (NOAH) in Columbia Heights. Per the Greater Minnesota Housing Fund, NOAHs are “residential rental properties that are affordable, but... unsubsidized by any federal program. Their rents are relatively low compared to the regional housing market.”

Voight stated based on the EDA’s neighborhood and housing revitalization goals, staff’s recommendation during the February discussion was to use the funds in the City’s Affordable Housing Trust Fund to support the new NOAH program. The EDA agreed with this recommendation for program financing. The Affordable Housing Trust Fund currently holds \$142,878.18 from the 2024 local affordable housing sales tax issuance (also known as Local Affordable Housing Aid – LAHA – funds). Additional LAHA dollars are expected to be disbursed to the City annually; these dollars will be allocated to the Trust Fund and ensure continuity of financial support for the program over time.

Voight mentioned that specific income and expenditure requirements are assigned to LAHA funds.

Notably, for rental housing, occupying households must earn at or below 80% of the greater of the State or area median income (AMI), with priority given for use of funds for households at or below 50%. Income limits do not apply to the property owners unless the units are owner-occupied. Rental properties are also subject to affordability criteria and must be affordable to the local workforce; based on common methods of assessing housing affordability, this means that rents of participating units should not exceed 30% of the occupying household's income or 30% of a certain percentage of AMI. All of these restrictions make LAHA funds well-suited to use for NOAH preservation. However, LAHA funds may not be used for administrative and staffing costs. For this reason, the EDA will need to identify a separate budget stream for all administrative costs associated with the program.

Voight explained that in order to design the new program, staff consulted the Minnesota Center for Energy and Environment (CEE). CEE is a nonprofit organization that partners with many Minnesota cities on housing grant and loan programs. Given its years of experience and its ongoing government partnerships across the Twin Cities metro area, CEE has both the capacity and the expertise necessary to act as a loan originator, loan servicer, and, as applicable for any projects not subject to City permitting, property inspector.

Voight stated that taking into account the rules around LAHA fund use and the EDA's previous discussions about NOAH priority areas, staff have developed a proposal for a deferred loan program targeted toward the rehabilitation of multi-family (2+ units) NOAH rental properties. The loan program would include the following elements:

- A remodeling advisor visit,
- Loan origination, and
- Loan administration.

Program details:

- Deferred loan: no reimbursement required, loan forgiven if the recipient completes the full term of the loan. If the recipient sells or transfers the property, they are required to reimburse the loan in full.
- Loan amount: from \$2,000 to \$50,000
- Loan term (duration): 30 years

Additional terms:

- Manufactured homes and co-ops are not eligible for loans.
- No owner-occupancy restrictions: for example, a building owned by an LLC is eligible for a loan.
- Loan funds to be held in escrow from loan closing through work completion and inspection, then disbursed to recipients.

Voight stated that in order to ensure that participating properties remain affordable, the EDA would enter into a development agreement with each loan recipient. Each agreement would include a recorded declaration or covenant stipulating that affordability requirements (income- and/or rent-based) shall remain in effect for the full term of the loan.

Voight mentioned that staff have calculated that the approximate Year 1 program administrative cost (not including actual loan disbursements) for a deferred loan program as described would be at least \$10,097. This estimate is based on one loan originated and would increase with each additional loan originated. The Year 2 approximate program administrative cost – for one loan, with no additional loans originated in Year 2 – would be at least \$5,012. This Year 2 cost would repeat on an annual basis until the conclusion of the loan’s term, regardless of the NOAH program’s duration. Even if the EDA were to dissolve the NOAH program, its contract with CEE would require annual administrative and loan servicing fees until the conclusion of all of the loans’ terms.

Voight explained that the details and terms described in the staff’s current proposal are flexible and can be modified based on the EDA’s preferences and priorities for the program. The program could also include additional restrictions, for example, caps on the percentage of project cost, a minimum number of licensed bids for any given project, or choosing to assign origination fees to the recipients to lighten the City’s share of the administrative costs.

Voight noted that staff are looking for feedback from the EDA about the program proposal. She asked whether the general design of the program matched the EDA’s intent for NOAH preservation. She asked whether the EDA wished to modify any of the details or terms proposed in the staff report.

Questions/Comments from Members:

Buesgens explained that the program sounds great and expressed her excitement. She added that it is a great way to invest in the City’s housing.

Dibba agreed with Buesgens. He noted that there is a great need for the project in the community. Costs to improve a home can add up easily, and the program could help make funds available for the community. He added that he likes the terms of the loans, particularly that the loan is going to be deferred.

Deneen noted the loan is valid for 30 years. She asked if the loans could be applied for more than once during the 30 years. Voight replied that staff did not include that in the program but are open to discussing the possibility of including that aspect in the program. She added that there seems to be a lot of flexibility for program design with the LAHA funds.

Buesgens mentioned that she would be open to expanding the program so that someone could apply for the funds more than once in 30 years. Deneen stated it would be wise to have something like a 10-year limit to encourage people to be responsible business owners instead of using the funds for every minor repair.

Szurek asked if the owner of the building would be the one to take out the loan. Voight confirmed. Szurek asked how the program would be administered to ensure that the owner is verified to be the true owner, how the project would affect the renters, and how the money would be paid back.

She added that it is a long loan term to not have any input on how it is going to work. James replied that the CEE would administer the funds. Szurek asked if CEE would verify the property owner. Voight replied that CEE would administer the funds. There would be an application process just like for any other private loan. Staff are recommending a development agreement with the EDA for each application in order to have terms about affordability and income restrictions for the occupying households, and to make sure those terms are memorialized in documents.

Szurek mentioned that the apartment buildings on University Avenue are old and did not think \$50,000 could cover the costs to replace the windows on some of the big buildings. Buesgens explained that the program would not cover all of the costs of a project; it would cover a portion of the costs.

Dibba suggested looking at the resources available to the EDA to determine how much of a project the funds could cover.

James read Spriggs' comments and noted that he likes the general design of the proposed project and believes it fits the intent of the EDA. He likes the deferred proposal with no requirement to pay back as long as the property is not transferred or sold.

James commented that she believes the program fits the intent of the EDA and thought the program would be popular. She expressed her concern about using the AMI affordability criteria. Per Met Council, a one-bedroom apartment at 80% of AMI is still \$1,985, and at 50% it is \$1,241. The income is 80% of AMI – which is \$104,000 – but the average income in the City is lower than that average. She noted that a lot of housing has come into the City as affordable housing, and then brought the rent prices up to the maximum.

James asked the EDA if they would like the program to be percentage-based or have the loan up to a certain amount and pay up to 100% of the project costs.

Szurek asked what Spriggs' comments were regarding the loan being paid back. James replied that Spriggs said that it makes sense that there is no requirement for reimbursement if the property is not transferred or sold.

Buesgens stated she would be comfortable with a percentage-based program at 50%, like the Façade Improvement Grant program. Szurek added that she would not be comfortable paying for 100% of the project costs because the fund would quickly run out of money. Dibba agreed and added that property owners would have some skin in the game that way. He noted that he would like the resources to go around as widely as possible.

Deneen noted she would feel comfortable with a higher percentage because it is more immediately impactful for those who are living on the property. She added that she would like to see housing up to date as much as possible. She wondered if there could be language included that said there was a certain percentage amount based on the number of applications each year. Szurek stated she did not think the percentages should vary. She noted that the EDA should make a decision on how much it is expected for the owner to put in, and it should be the same for everyone. She mentioned

that someone could find out that another person is getting a higher percentage of the costs paid and get upset with the City.

James read a comment from Spriggs that read "I worry that the capping costs to a percentage or a minimum number of licensed bids may delay/discourage use. Capping the cost at a percentage may preserve funds, but may also not allow for larger, much-needed repairs or upgrades due to financial restraints." James stated she is comfortable with 50% because larger projects mean that the landlord has more units that they are profiting from.

James asked the EDA if they were fine with the loan amount range of \$2,000 to \$50,000. The EDA agreed that they were fine with the range.

James noted that the loan term is proposed for 30 years. She mentioned that Spriggs commented that the County development block grant is for a 20-year term. Voight explained the pros and cons of having a 30-year term versus a 20-year term. After 20 years, the property owner could choose to turn around and sell the property, and it would no longer have any rental restrictions.

Buesgens noted that she would expect the property owners to either retire or sell the properties within the 30-year period. She wondered if the terms of the loan would be canceled if the property owner sold the property within the 30 years. Forney replied that the loan would be canceled and that the owners would no longer be required to maintain that affordability, but that the EDA would receive all of the loan funds back.

Buesgens stated she is fine with either a 20-year term or a 30-year term. James noted that doing a 20-year term is 10 fewer years of administrative costs. Buesgens asked if the administrative costs would be for the City staff or to CEE. Voight replied that it would be for CEE.

James stated she would like to have a 20-year loan term. The EDA agreed.

Buesgens asked if there was a way to monitor compliance over the period of the loan. Voight replied that staff based the proposal on how the MHFA administers loans and grants. They do not appear to have annual checks or requirements. It is possible for the EDA to require an annual or biannual administrative process for verification, and re-verification throughout the term of the loan. Staff have not discussed the option with CEE, and it could bring on additional administrative costs. Buesgens mentioned that it is not necessary to have an annual check-in, but it would be helpful to have spot checks over the term. Voight replied that staff could speak with CEE about that option and include a proposed policy in the development agreement. Forney asked the EDA if doing a check-in every five years would be a baseline suggestion to bring to the CEE. The EDA agreed.

Szurek asked what the inspectors would be inspecting to make sure that the work was being done. Voight replied that the CEE informed staff that if there are projects that would not require City inspections based on their size, the CEE is qualified to do the inspections.

Buesgens asked what kind of work and renovations would qualify under the program. She added it

would be helpful to have a list of projects that would qualify under the program. James noted that a remodeling advisor visit would be involved and wondered if there could be a requirement where the remodeling advisor would have to agree that the project qualifies. Buesgens mentioned that she would not want the funds to go towards painting walls, but instead on structural matters. Forney explained that other similar loans have terms such as, "eligible improvements including most permanent interior and exterior improvements, maintenance, or remodeling." He added that the EDA could determine which items would not be covered.

James asked how it would be determined which loans would be approved. Forney explained that staff propose to do a first-come, first-served basis. He added that the EDA could decide to adjust the process in the future.

Buesgens pointed out that it is a loan that people have to qualify for and that some applicants may not qualify.

James asked the EDA if they would like to have a minimum of licensed bids. She noted that Spriggs made a comment that read, "I am fine with only having the requirement of one as long as when staff review it they feel like it is a reasonable proposal for the project... if we require multiple bids... we may delay needed work being done or prevent it from happening given that the scopes may be vastly different based on each property." James stated she is fine with having a minimum of one but would prefer having two.

Buesgens stated she would like to have the minimum bid be the same as the façade program. She added that it would be ideal to have three, but would feel comfortable if staff worked with the applicant if there was only one bid to verify that the bid is legitimate.

Deneen mentioned that three bids are the industry standard. Having two bids is reasonable and should be easy to get. She noted that she would want to require two bids and to have applicants reach out to the City if they are having difficulty getting two bids.

James asked the EDA if they would like to do origination fees. Voight mentioned that staff recommend having the money come from fund 408. The City did not receive the Local Housing Trust Fund grant, which frees up some funds to be used elsewhere. She explained that the origination fee would be about \$1,100 per loan. If the City had a stipulation that the applicant would do it, the City's share would instead be about \$850. James stated she was fine with the \$250 origination fee share. Voight clarified that the EDA would like the fee to be assigned to the borrower. The EDA agreed.

Deneen asked what income levels the program would be set at. James requested more information from staff. Voight explained that the LAHA funds have requirements in place that the occupying households have to be at or below 80% AMI, and priority must be given to those at or below 50% AMI. Buesgens stated she would want to cap the program at 50% AMI because they are the hardest to find and in the most need. James added that there are not many who would qualify for 30% AMI in the City.

Deneen stated that she would like to see some research on how many buildings we have that meet the standard of having a 50% AMI rental affordability price. Buesgens mentioned that she would like to start at 50% and then adjust as needed.

Forney asked if the EDA would feel comfortable moving forward with the staff recommendation of using the bell curve. If there are not many at 50% AMI, then the program could get bumped up to 60% AMI. The EDA agreed.

Buesgens suggested promoting the program at landlord meetings and marketing it to inspectors, since they may have suggestions for landlords who may want to do a project.

BUSINESS UPDATES

a. Bee Lawn Signage

Voight showed the EDA an example of the Bee Lawn signage. She noted that staff are working with the City Forester to get seeds ordered and prepare the properties for planting.

b. MHFA Housing Grants

Voight stated that the City did not receive the MHFA Local Housing Trust Fund grant.

c. Business Directory

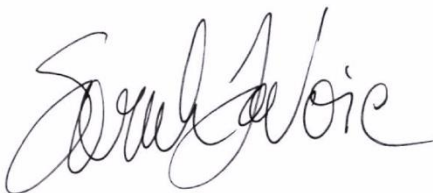
Voight mentioned that the Community Development intern worked on the business directory and gathered a lot of information. The Community Development Department will work on figuring out how to compile the information and distribute it.

Buesgens asked if there would be funds for another Community Development intern in the fall. Forney replied that staff would see in the fall if the funds and capacity were available.

ADJOURNMENT

Motion by Deneen, seconded by Buesgens, to adjourn the meeting at 6:01 pm. All ayes. MOTION PASSED.

Respectfully submitted,



Sarah LaVoie, Recording Secretary

Emilie Voight

From: Justice Spriggs
Sent: Monday, June 2, 2025 9:20 AM
To: Rachel James; Emilie Voight
Cc: Aaron Chirpich; Mitchell Forney
Subject: Comments for EDA Meeting Tonight

Follow Up Flag: Follow up
Flag Status: Completed

Hi All,

Unfortunately due to a work scheduling conflict, I will be unable to attend the EDA Meeting and Work Session tonight. Below are my comments on the items for tonight:

Items 1 and 2 - No questions about the May EDA minutes or Financial Reports

Item 3 - No questions, happy to see another business coming into our city and using the Facade program

Item 4 - I do like the general design of the proposed program and do think it does fit our intent, and I do like the deferral proposal of that there is no requirement to pay back the loan if the property is not transferred or sold. The terms appear to be similar to one of the CBDG programs from the county for home rehab about an interest-free loan that is forgiven, but I do believe their term is 20 years. I think the other restriction possibilities are interesting, but I do worry about that capping costs to a percentage of a project cost or a minimum number of licensed bids needed may delay/discourage use. Capping the cost at a percentage may preserve funds but also may not allow for larger, much needed repairs/upgrades to occur due to financial restraints. For the licensed bids, I am fine with only having the requirement of one as long as when staff review it they feel like it is a reasonable proposal for the project. I say this because when we used the CBDG on our house for needed upgrades for health and safety, the country had required us to get three contractors to bid the entirety of the projects and then the lowest, responsible bid would be chosen. Given the scope of the work needed on our house and the multiple and varying types of improvements we needed to be done, it was very difficult to find one, let alone three, different contractors to provide bids on the project. We had to work very closely with the county about this since we were hitting dead-ends with trying to get bids despite reaching out to a lot of contractors, and we had to extend our deadline for getting bids to make sure we would not lose out on the money provided. I would worry if we require multiple bids that we may delay needed work being done or prevent it from happening given that the scopes may be vastly different based on each property.

Business Updates - excited to hear about all of these when I listen back to the meeting!

Let me know if there are any questions,

Justice

Justice Spriggs, M.D. (he/him) | Council Member - City of Columbia Heights
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