



ECONOMIC DEVELOPMENT AUTHORITY
City Hall—Shared Vision Room, 3989 Central Ave NE
Monday, May 05, 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; Rachel James; Amáda Márquez-Simula; Justice Spriggs (5:06 pm); Marlaine Szurek

Members absent: Lamin Dibba

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

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of April 07, 2025.
2. Approve financial reports and payment of bills for March 2025 – Resolution No. 2025-11

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

RESOLUTION NO. 2025-11

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTH OF MARCH 2025 AND THE PAYMENT OF THE BILLS FOR THE MONTH OF MARCH 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 March 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 5th of May, 2025

Offered by: Connie Buesgens
Seconded by: Amáda Márquez-Simula
Roll Call: All ayes of present. MOTION PASSED.

President

Attest:

Secretary

BUSINESS ITEMS

3. EDA Budget Amendment: 2025 Expenditures

Voight reported the EDA’s 2025 budget, adopted through EDA Resolutions 2024-22 and 2024-23 and City Council Resolutions 2024-63 and 2024-66, did not define expenditure line items for all of the EDA’s 2025 budgeted funds. At the time of the budget’s approval, a total of \$180,000, composed of \$65,000 from EDA Administration Fund 204 and \$115,000 from EDA Redevelopment Fund 408, had not yet been assigned to specific uses.

Voight noted at its April 7th meeting, the EDA discussed and agreed upon the uses for these \$180,000, as follows:

- Increasing funding for the Commercial Revitalization Program from \$200,000 to \$300,000;
- Increasing the Façade Improvement Grant Program from \$50,000 to \$80,000;
- Increasing the Fire Suppression Grant Program from \$60,000 to \$100,000; and

- Allocating \$10,000 for an EDA-led public art initiative in the Central Business District

Voight stated the resolution makes financial adjustments to the EDA's accounts to allow for these agreed-upon expenditures. Specifically, it authorizes the transfer of \$65,000 from Fund 204 to Fund 408 and appropriates \$90,000 of Fund 408 to the Authority's 2025 expenditures. The actions of the resolution correspond to the EDA's discussion at the April 7th meeting; no additional changes are proposed.

Questions/Comments from Members:

Buesgens expressed her excitement about public art being included in the budget.

Motion by Deneen, seconded by Márquez-Simula, to waive the reading of Resolution No. 2025-12, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Deneen, seconded by Buesgens, to approve Resolution No. 2025-12, a Resolution of the Columbia Heights Economic Development Authority, amending its 2025 budget by authorizing the transfer of funds from Fund 204 to Fund 408 and by appropriating a portion of Fund 408 to the Authority's 2025 expenditures. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2025-12

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, AMENDING ITS 2025 BUDGET BY AUTHORIZING THE TRANSFER OF FUNDS FROM FUND 204 TO FUND 408 AND BY APPROPRIATING A PORTION OF FUND 408 TO THE AUTHORITY'S 2025 EXPENDITURES.

WHEREAS, the Columbia Heights Economic Development Authority (the "Authority") adopted Resolutions 2024-22 and 2024-23 setting the Authority's budget for 2025; and

WHEREAS, the City of Columbia Heights (the "City") subsequently adopted Resolutions 2024-63 and 2024-66 approving the Authority's 2025 budget proposal; and

WHEREAS, some of the Authority's 2025 budgeted resources were not yet assigned line items for expenditure at the time of budget approval; and

WHEREAS, at its April 7th meeting, the Authority assigned line items to these dollars and desires to make the necessary financial adjustments to its accounts to provide for their expenditure.

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

1. Authorizes the transfer of \$65,000 from EDA Administration Fund 204 to EDA Redevelopment Fund 408; and
2. Appropriates \$90,000 of Fund 408 to the Authority's 2025 expenditures.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 5th of May, 2025

Offered by: Laurel Deneen

Seconded by: Connie Buesgens

Roll Call: All ayes of present. MOTION PASSED.

President

Attest:

Secretary

4. EDA Grant Program Guidelines Review

Forney reported during the Economic Development Authority’s (EDA) 2025 goal-setting session, the commission identified the reframing of its current grant programs as a priority for the year. At last month’s EDA meeting, the commission used its additional funding allocation to enhance its existing programs with the goal of reaching more businesses throughout the city. In response, staff have prepared recommended revisions to existing grant program guidelines and are open to discussion and feedback. If the EDA wishes to modify these recommendations during the meeting, commissioners may do so by making a motion, such as: “I move to amend the amended [insert grant name] grant guidelines.” Any edits suggested through discussion can be formally added or removed via motion.

Forney noted that staff are recommending several updates to the Façade Improvement Grant Program to expand eligibility and better support revitalization efforts in key commercial areas. Most notably, businesses located within the Central Business Zoning District would become eligible for an enhanced grant amount, allowing reimbursement of up to 50% of project costs with a maximum award of \$10,000—an increase from the standard \$5,000 maximum available to other applicants. Additionally, staff recommend revising the guidelines to allow funding for exterior improvements facing a public alleyway, provided the property is located within the Central Business Zoning District. The list of eligible improvements would also be expanded to include permanent landscaping features, such as hardscaping elements, large planters, trees, and benches. These proposed changes are intended to encourage continued investment in the city’s core commercial area and to enhance the appearance and usability of business-facing public spaces. Staff are not recommending expanding the program to include interior improvements, as doing so would significantly alter the program’s intent. Should the EDA wish to support such improvements, staff would suggest establishing a separate program dedicated to interior build-out assistance.

Forney mentioned that staff are also proposing updates to the Fire Suppression Grant Program. Specifically, staff recommend increasing the maximum grant award from \$30,000 to \$50,000 to better offset the substantial cost of installing fire suppression systems. In addition, staff recommend expanding geographic eligibility to include industrial properties along 39th Avenue NE. These changes aim to make the program more accessible and impactful for businesses with

significant safety and compliance needs.

Forney stated that the Commercial Revitalization Program is not a traditional EDA grant program but functions more as a budgetary expenditure line item. Historically, the EDA has defined the parameters of this program through the budgeting process and specific approvals of individual purchases, rather than through a formalized set of guidelines. Staff recommend continuing this flexible, project-based approach. To that end, staff proposes memorializing the current program parameters and EDA intent in the minutes of this meeting. Presently, there are two primary parameters: (1) staff may enter into negotiations for property purchases prior to formal EDA approval as long as any purchase agreement includes a contingency clause requiring EDA approval, and (2) staff have been directed to target nonconforming single-family homes located within commercial zoning districts. The EDA has also discussed the possibility of expanding the program to include properties that directly abut strategic redevelopment areas or any blighted or substandard residential properties with redevelopment potential. Staff are open to including these additions or other ideas the EDA may wish to pursue, provided consensus is reached during the meeting. In conclusion, staff are open to discussion on all proposed revisions and look forward to implementing any approved changes to enhance the effectiveness and reach of the EDA's grant and revitalization programs.

Questions/Comments from Members:

James noted that there is a fence on the roof of Wendy's and noted that roofing materials are not included in the grant program, but wondered if the fence would qualify. Forney replied that it would qualify, and the EDA could approve screening materials at its discretion.

Márquez-Simula mentioned she was happy that alleys were being included in the façade improvement grant program.

James noted she would like to prioritize Central Avenue since there are big investments coming to the area. Márquez-Simula mentioned she is not as interested in the area behind Central Avenue since there are properties that are not being used. She noted there are many empty properties on 40th Avenue. She added that she would rather focus on the businesses on Central Avenue.

Deneen stated she did not mind keeping the language open to allow for more discussions about properties becoming available. Hopefully, the empty storefronts will invite more development after the construction on Central Avenue is complete.

Szurek agreed with Márquez-Simula's comments.

Buesgens mentioned that the changes allow further flexibility for future Councils to allow more expansion and redevelopment in the City.

Forney mentioned that Voight built out a GIS tool to convert the old pdf zoning map to a GIS zoning map. Residents can go in and click on a property and see what the zoning is. James asked where the tool was located. Forney replied that it is on the City's website under the Community Development

tab.

Motion by Deneen, seconded by Márquez-Simula, to approve the Façade Improvement Grant Guidelines as amended. All ayes of present. MOTION PASSED.

Motion by Deneen, seconded by Márquez-Simula, to approve the Fire Suppression Grant Guidelines as amended. All ayes of present. MOTION PASSED.

5. Discussion of Redevelopment Opportunities

Forney explained at the April EDA meeting, staff had planned to provide a few business updates for discussion, but due to time constraints, those conversations were cut short. Staff would now like to bring two of those items back for general discussion to gather the EDA's input on potential redevelopment opportunities. No formal action is requested at this time—staff are simply seeking feedback and direction.

Forney stated the first item concerns the EDA-owned property at 841 49th Avenue NE. The EDA acquired this parcel in 2023 due to its severely blighted condition. Staff is interested in hearing the EDA's thoughts on potential redevelopment options for the site. Because of its close proximity to Central Avenue, one option could be to hold the property for long-term commercial redevelopment, particularly if the adjacent Taco Bell site were to be redeveloped in the future. Alternatively, the EDA could conduct a request for proposals and consider selling the lot to a developer for a residential project. Possible residential uses include an affordable homeownership opportunity similar to the recent project at 4243 5th Street NE, an accessory dwelling unit (ADU) demonstration project, or the construction of a new duplex. Staff would like to know if the EDA is interested in pursuing any of these options and whether there is support for moving a redevelopment project forward in 2025.

Questions/Comments from Members:

Buesgens mentioned there is a new three-plex building on Johnson Street, south of Lowry Avenue. She explained that it is an area that would be a good transition area from residential and commercial. She added that the parcel could become a three-plex stacked building. Forney noted that the parcel would need to be rezoned, but he could look into it.

Márquez-Simula asked if staff had spoken with anyone from the Taco Bell since a roundabout will go in near the Taco Bell. She wondered if Taco Bell would want to move if a portion of the property were taken during the Central Avenue redevelopment. Chirpich replied that he is not aware of any discussions with Taco Bell wanting to relocate.

Szurek asked how much of the Taco Bell property would be lost due to the roundabout. Chirpich replied that he did not know.

James mentioned she liked the idea of using the parcel for anything except a single-family home. She added she is open to having further discussion of having the parcel be used for housing in a denser way.

Deneen stated she was in favor of doing an ADU project because it is a way to build density within density that is already there. She added that it would be beneficial to site this kind of project in this space because people could see what could be built within the City's zoning regulations, which could open up the value of a property.

Szurek mentioned that the large property would be a waste with an accessory building on it. She expressed her support for doing a three-plex building. She asked if there had been any inquiries about ADUs. Forney replied that the City had not received any. Szurek expressed her concern about the cost of the project since there would have to be separate water, sewer, and gas lines for each unit.

Deneen explained that ADUs have been largely supported in the community and mentioned that there were many people who attended the Planning Commission to express their support of making ADUs allowed in the City because many people have aging parents and would like to have them live in their homes. She added that many people desire to live more multiculturally.

Buesgens mentioned that the City would not receive as much tax money if the parcel were made into a three-plex. She asked if ADUs are part of a tax package or a house. Chirpich replied that they would have to look into it and see how it is assessed. He mentioned that it would likely be valued as a single-family home.

Spriggs mentioned that he likes the idea of the three-plex because it could add gentle density, and is by the bus line and schools.

Buesgens mentioned that if Medicaid continues in the direction that it is going, people will be in need of assisted living or places where Medicaid is covered. If that happens, there will be a larger demand for ADUs.

Forney mentioned the second item involves the property at 3932 Central Avenue NE, which is currently owned by the Anoka County Community Action Program (ACCAP). ACCAP recently contacted City staff to explore whether the City or EDA might be interested in purchasing the site. The building is experiencing worsening structural issues, and the cost to repair them is expected to be significant. ACCAP indicated that if the EDA is not interested in acquiring the site for redevelopment, it will likely place the property on the open market. Staff is seeking the EDA's initial thoughts on whether there is interest in exploring a potential acquisition.

Questions/Comments from Members:

Deneen expressed her concern about purchasing the building because it would deplete a lot of the EDA's funding. In addition, it would cost more money to either demolish it or make it safe. James stated she was not interested in purchasing the property.

Buesgens asked if ACCAP has asked the State if they would qualify for NOAH funds. Forney explained that in order to receive NOAH funds, they cannot have previously received tax incentives.

He added that he would assume they have received some tax incentives since they are a non-profit.

Buesgens asked how current residents would be able to find homes that are at a similar price to what they are paying now. She wondered if there was a way that relocation fees could be paid. She asked if the City could look into creating an Ordinance that could address the issue of residents being relocated due to a building being put up for sale. She added that the owners need to take responsibility for residents being relocated. James agreed that the City should look into tenant relocation assistance. The Commission agreed.

James asked if the Commission agreed that the property was not the best option for the EDA to purchase. The Commission agreed.

6. Gap Funding Request 4243 5th St NE

Forney noted Community Development staff recently met with representatives from Habitat for Humanity to continue building a collaborative relationship and explore opportunities for future partnerships. During this meeting, Habitat shared an update on their current project at 4243 5th Street NE—a new single-family home development in Columbia Heights. While construction is progressing, Habitat is facing a financing gap due to the accelerated timeline and limited access to traditional funding sources.

Forney stated in response, that Habitat has asked whether the Economic Development Authority (EDA) would consider contributing financial support to help close a portion of this gap and ensure the project's successful completion. To provide a full picture, Habitat has shared an updated project pro forma, which is attached to this memo. The pro forma outlines a total estimated gap of \$120,000, including a \$90,000 development gap and a \$30,000 affordability gap. The affordability gap reflects the assumption that the future homeowner will earn just below 80% of the area median income (AMI). However, since Habitat typically serves households earning between 50% and 80% AMI, the final affordability gap may grow depending on the income of the eventual buyer. Habitat is requesting \$75,000 in assistance from the EDA to help bridge the development portion of the funding gap. While this request would not cover the entire shortfall, it would provide critical support to keep the project within Habitat's general financing goals.

Forney mentioned in response to staff questions about the funding shortfall, Habitat explained that the opportunity to develop the Columbia Heights site emerged quickly, limiting their ability to apply for traditional funding sources such as HOME, CDBG, or other public grants. Additionally, ongoing uncertainty in federal funding has affected their broader pipeline of projects, compounding the challenges for this specific development. Without local support, Habitat would need to absorb the full deficit internally, which could limit its capacity for future work.

Forney explained that should the EDA choose to provide the requested \$75,000, staff would recommend utilizing the pooled tax increment financing (TIF) balance from the C-8 District, the same source used for the acquisition and demolition of the property. The funds would be loaned to the City's Scattered Site TIF District, which would then issue a grant to Habitat for Humanity. This arrangement would be formalized through either an amendment to the existing redevelopment agreement or a new grant agreement. The Scattered Site TIF District would repay the loan over

time using future TIF revenue.

Forney noted that staff recommends moving forward with the \$75,000 funding request. Habitat's ask is well below the full gap, and the EDA's stated goals include partnering with Habitat on future projects. Even after this contribution, approximately \$140,000 would remain in the C-8 District fund, enough to support potential purchase-rehab projects in 2025 or 2026. As additional repayments are made into the C-8 District, the City could also consider supporting future tear-down and rebuild projects. At this time, staff is seeking the EDA's general guidance on the proposal. If the EDA is supportive, staff will return at the next meeting with the appropriate agreements and documentation to execute the grant and facilitate the transfer of funds.

Questions/Comments from Members:

Szurek asked if the money would be lost or if the EDA would be able to get the money back from Habitat for Humanity. Forney replied that the City could offer the money as a loan. Szurek stated she did not believe the EDA should simply hand the money to Habitat for Humanity because it would deplete the funds. She added that she has not heard of the EDA needing to fill a gap for another organization in the past and noted that it is \$75,000. Forney explained that the funding would be taken back through the tax increment financing district, but it would not be paid back from Habitat for Humanity. He added that it is possible to look into a loan option with Habitat for Humanity.

Szurek mentioned that Habitat for Humanity was building a \$300,000 house. Forney noted that it was the house that the EDA had decided to build through the development contract. Szurek asked who would be able to afford the house. Forney explained that Habitat for Humanity buys the mortgage down to make it affordable for a family. Habitat for Humanity uses its own funding to cover the gap so that families can afford the properties.

Szurek stated that she was not comfortable handing out \$75,000.

Deneen wondered if there was a way to get some of the money back through the sale of the property. Forney replied that he did not know if they could get much money from the sale since Habitat for Humanity holds the mortgage of the house as well as the sale.

Márquez-Simula stated she would be more comfortable if half of the funds were a loan. Szurek mentioned that she does not remember Habitat for Humanity asking for money in the past and added that it makes her feel uncomfortable.

Buesgens asked if Habitat for Humanity would be able to do a loan. Forney replied that the City would need to discuss the option with Habitat for Humanity.

Buesgens asked what the original purpose of the \$75,000 would have been. Forney replied that the EDA had previously discussed using the funds to continue using them for the pooled C8 TIF District funds for another project with Habitat for Humanity. Buesgens asked how much was in the fund currently. Forney replied \$215,000. Buesgens asked if using the funds would limit what the EDA

could do in the future in purchasing other homes. Forney explained that Habitat for Humanity lowered their funding request in order not to limit the EDA. He added that \$215,000 would not be enough to purchase and demolish a home, but \$140,000 (left over after the \$75,000 request) would allow the EDA to do a rehabilitation project with Habitat for Humanity in the future.

James stated she was in favor of doing a \$50,000 TIF grant or doing a half TIF and half loan. Buesgens stated she was in favor of doing the full \$75,000. Deneen agreed with Buesgens' comments and added that the EDA's goal is to have more affordable housing, and it would have a great impact on the City. Spriggs agreed with Deneen. He asked if there was a possibility of doing a zero-interest loan where the funds could be paid over several years.

James asked if the EDA needed to come to a decision during the meeting or if it could be postponed until the June meeting. Forney replied that no formal action was required and the EDA could postpone the decision. James stated she would like to look into loan options more until the EDA makes a decision.

Buesgens mentioned she would like additional information on future projects Habitat for Humanity was looking into in the City. She added that it would be helpful if the City checked with Habitat for Humanity to see where their funding is at before the project.

James summarized that the EDA would like additional information regarding loan options or if it needs to be TIF. She added that Szurek had mentioned that she does not want the money to just be given away. James noted that the EDA would like to discuss Szurek's comment further.

BUSINESS UPDATES

Voight updated the EDA about the NOAH Community Stabilization Program from the Minnesota Housing Finance Agency. MHFA has come out with general draft documentation about the general program for stakeholder review and comment. The City received the information. The program will have several criteria that do not make it a good fit for the City. The program is loan-based and not grant-based. In addition, the properties must be specifically defined for use and owned by the recipient of the funding. Public housing is not eligible.

Buesgens asked who would be able to apply for the loan. Voight replied that the owner of a building would be able to apply. Forney added that the City could promote the loan program.

Voight updated the EDA regarding pollinator plants being planted on EDA or City-owned properties that are currently vacant. She spoke with the City's Forester, and he brought back a flowering bee lawn proposal. She explained that the City's Forester provided details about the mix of native grass and low-flowering plants and specifically recommended Dutch White Clover. Staff would like the EDA to discuss if they are interested in moving forward with the proposal. The Commission agreed that they would like to move forward. Voight explained that it is ideal to do the plantings in the fall, but if there are some areas with bare soil, the City can do those plantings and complete them earlier.

James asked if the City Forester provided a cost for the project. Voight replied that the City Forester did not provide a cost breakdown but it was relatively inexpensive and Public Works would be able to

provide the labor. Forney added that staff would look at the costs. If the cost is low enough, it could be funded through the operating budget.

Buesgens mentioned that she would like to see other varieties of native plants so that people could see the variety of plants and colors. She added that she would like to see a pilot for the property on Tyler Place and 44th Avenue to have the neighbor water the lawn since they have agreed to do so. She explained that when the flowering bee lawn is first put down, it needs to be watered every day. She added that it would be helpful to get started on the process now before it gets too hot. James mentioned the EDA should focus on City-owned lots. Buesgens clarified that the property she was talking about was on a City-owned lot. She expressed her concern that if the City waits too long to plant the native plants, they will turn into weeds by the end of the summer.

James asked the Commission if they were in favor of the bee lawns. The Commission agreed that they were in favor.

Márquez-Simula asked if the City knew what was happening with Heights Rental. Forney replied that the Heights Rental owners are looking to sell the parcel. The City has a first right of refusal for the parcel. The owners are exploring the idea of who could be interested in the parcel. The owners are looking to sell in March 2026, but if they sell to the City they will likely look to see this fall 2025.

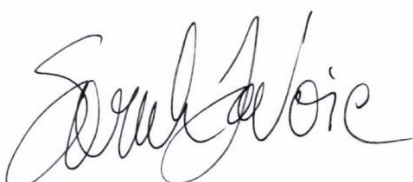
Márquez-Simula requested that the Business Updates topics be included on the agenda in order to know what the topics are. Forney replied that it could be included.

James asked if the City knew what would be happening with the building by Crestview, which was going to be purchased by Anoka County. Forney explained that the County purchased the building and that reusing the building would cost more and be more difficult than just demolishing the building. The County has put out an RFP to prospective developers to come to them and propose projects to redevelop the site. James asked if there would be affordable homes included. Forney replied that he believed there would be some affordability with services built into the RFP.

ADJOURNMENT

Motion by Buesgens, seconded by Szurek, to adjourn the meeting at 6:09 pm. All ayes. MOTION PASSED.

Respectfully submitted,



Sarah LaVoie, Recording Secretary