



City of Shoreview

**E**conomic

**D**evelopment

**A**uthority

2010 Annual Report

Issued by Shoreview EDA

February 2011

## TABLE OF CONTENTS

---

- I. **Executive Summary**
- II. **Organization and Governance**
- III. **Mission**
- IV. **2010 Goals, Actions and Work Plan**
- V. **Accomplishments**
  - A. **Housing Initiatives**
    - i. Shoreview Home Energy Improvement Loan Program
    - ii. Housing Improvement Areas
    - iii. Midland Terrace Apartments/Midland Plaza Redevelopment
    - iv. Neighborhood Profiles: Common Interest Communities
    - v. Highway Corridor Transition Areas
    - vi. Southview Senior Living
    - vii. Continuation of Existing Resources
      - ◆ S.H.I.N.E
      - ◆ Rental Licensing
      - ◆ Code Enforcement and Abatement
  - B. **Intergovernmental Partnerships and Grants**
    - i. CDBG Grant Award from Ramsey County for Scattered Site Property Acquisition
    - ii. Greater Metropolitan Housing Corporation (GMHC)
      - ◆ Housing *Resource* Center
      - ◆ Twin Cities Community Land Bank for Participation in the First Look Program
    - iii. Ramsey County-Foreclosed Single Family Home Acquisition and Rehabilitation
    - iv. Rondo Community Land Trust
    - v. Metropolitan Council
      - ◆ Midland Terrace Application
      - ◆ Livable Communities Participation
      - ◆ Family Affordable Housing Program
      - ◆ Housing Action Plan

## TABLE OF CONTENTS

(Continued)

### C. Commercial Development Activities

- i. Tax Increment Administration
  - ◆ Modifications, Budgets and Amendments
  - ◆ Temporary TIF Legislation
- ii. Advantage Shoreview – Business Partnership Loan Program
- iii. Business Micro-Enterprise Loans
- iv. Red Fox Road Retail Project
- v. PaR Nuclear/Westinghouse
- vi. Twin Cities Community Capital Fund
- vii. Wells Fargo Data Center
- viii. Shoreview Village Mall
- ix. Shoreview Corporate Center
- x. Cummins Power Generation
- xi. Business Retention Visits

### D. Communication and Outreach

- i. Annual Meeting January 2010
- ii. Website Development
- iii. Rondo Workshop
- iv. Utility Billing Insert
- v. Foreclosure Prevention Resources
- vi. Housing Improvement Areas Workshop
- vii. Shoreview Home Energy Improvement Loan Program Marketing
- viii. Advantage Shoreview Promotion
- ix. Article Updating Residents on EDA Work Plan

### VI. EDA Finances

## EXECUTIVE SUMMARY

---

### **Overview**

In 2010, the work of the Shoreview Economic Development Authority (EDA) can be summarized as a year for implementation of key initiatives. The EDA achieved its objective of developing and implementing a number of housing programs, including the May launch of the Shoreview Home Energy Improvement Loan Program (the first ever City created and funded housing loan program). The EDA then shifted their focus and dedicated a significant amount of time to strategic planning, which evaluated more than twenty-two housing and community development opportunities. After months of thoughtful discussion and analysis, the EDA set their future activities to include a stronger focus on community development and redevelopment, in addition to continued support of their various housing initiatives. Changes to local tax increment budgets and new legislation serve as resources to implement a new business loan program, as well as providing an opportunity to seek partnerships with private developers to generate new economic development, job creation and expanded tax base.

The Shoreview Economic Development Authority's second year in operation was full. Funding for the EDA's activities comes from their budget. In 2010 the EDA had total expenditures of \$55,660 which was comprised of \$50,904 of direct labor costs; \$1,390 in total meeting cost; \$1,727 total associative costs; and \$1,639 in project costs.

### **Key Initiative: Shoreview Home Energy Improvement Loan Program**

Late in 2009, the Economic Development Authority determined a need to establish a housing loan program for Shoreview residents. In 2010, the EDA continued to analyze programs offered by other suburban communities, researched gaps in housing programs and demographics and set up guidelines for a new loan program that would target older neighborhoods with an emphasis on encouraging energy related improvements. Administration and management of the loan program were negotiated and contracted with the HousingResource Center, a non-profit agency under the Greater Metropolitan Housing Corporation that has served Shoreview residents for the past decade.

On May 3<sup>rd</sup>, the City officially launched the new Shoreview Home Energy Improvement Loan Program (SHELP) to qualifying residents and prospective homebuyers to encourage reinvestment and energy efficient home improvements in the community. The loans are for home improvements such as new roofs, and energy efficient upgrades to windows and doors, heating and cooling systems and water heaters.

### **Key Initiative: Strategic Planning**

The Mission and the Goals of the EDA established in the first year of operation were reaffirmed in 2010. Consistent with these goals, staff identified and defined a work plan for twenty-two (22) programs and initiatives that were considered by the EDA. The EDA used a set of decision guidelines to structure their analysis. After thoughtful discussion and deliberation, the EDA

selected six programs and activities as the highest priority. Each work plan component includes a description, action steps for implementation, resources, repayment source and recommended action. The main components of the EDA work plan are:

- ▶ **Highway Corridor Transitional Areas** – Analyze and develop policies for certain transitional areas along arterial highway corridors in order to protect and buffer adjacent neighborhoods where single family residential use may no longer be appropriate or sustainable
- ▶ **Housing Improvement Areas** – Adopt a formal policy and engage targeted townhome communities that may be eligible and have interest in utilizing a special financing tool for creating a HIA to undertake improvements
- ▶ **Midland Terrace Apartment (Midland Plaza Redevelopment)** – Property owner driven redevelopment project involving the demolition of an old retail center and the relocation of Owasso Street near Victoria Street to facilitate development of a new market rate apartment building providing new housing opportunities
- ▶ **Red Fox Road Commercial** – Explore creation of a new tax increment district or other financing mechanism to assist the developer in attracting new retail, restaurant and other commercial uses to the site that would be consistent with the desires of the community
- ▶ **PaR Nuclear Westinghouse** – Retain and assist a large local employer with a highly skilled workforce as they consider expansion options to their current facility required for their continued projected growth
- ▶ **Shoreview Village Mall** – Attract a new owner/developer to renovate and/or redevelop to fully maximize the valuable and highly visible gateway retail property

#### **Key Initiative: Advantage Shoreview – Business Partnership Loan Program**

The EDA and staff worked to develop a framework for Advantage Shoreview – Business Partnership Loan Program, including objectives and guidelines. Advantage Shoreview is structured to promote the retention and expansion of local businesses with an emphasis on creating jobs. Upon its approval, the business loan program was promoted to the local business community with priority given first to the key businesses included in the Business Retention and Expansion (BRE) Program since there is limited available resources and tight timeframe for providing assistance under the special TIF authority granted.

#### **Key Initiative: Tax Increment Opportunities**

The evaluation and use of tax increment from existing districts played a significant role in funding EDA sponsored initiatives in 2010. Through TIF plan budget modifications and the temporary legislative authority which permits pooling of increments through 2011, the EDA was able to fund both the housing (SHELP) and a new business loan program. The benefit to maximizing the use of tax increment revenues is that these are already established funds designated for the purpose of facilitating development and does not require the City to use general tax dollars for such purposes.

In 2011, the EDA will continue to pursue opportunities to utilize the temporary TIF authority. Focus will primarily be on commercial (re)development that will provide increased local tax base, generate new employment and expand services and retail opportunities for residents.

While the key initiatives may have been the main focal points of 2010, numerous community outreach activities occurred throughout the year. The EDA and staff utilized a wide-range of communication tools to provide information and promote new programs and resources available to both businesses and residents. Additionally, meetings with local businesses and developers occurred as new programs and resource became available to encourage investment in Shoreview.

The EDA works closely with the Economic Development Commission in promoting and fostering business retention and growth and with the City Council on budgetary and overall policy matters.

### **Other Accomplishments**

The EDA accomplished a number of other actions in areas consistent with their overall strategic goals towards housing, business and development, including:

- In September, the EDA and staff held an informational public forum on Housing Improvement Areas for selected townhome and condominium associations to determine the need and level of interest in establishing a special district to assist with property improvements
- A study of the community's 33 townhome and condominium communities was completed to gain a better understanding of the funding needs and priorities these communities face with neighborhood profiles created for each residential development
- Completed a feasibility study for the required road improvements to facilitate the redevelopment of the Midland Plaza/Midland Terrace property and submitted a comprehensive grant application through the Livable Communities Demonstration Account Grant Program seeking funding support of the project from the Metropolitan Council
- Established a tracking system and database of Shoreview foreclosure properties utilizing the City's GIS and mapping system, with staff generated reports for the EDA to assess the status and condition of the number and location of foreclosure properties within Shoreview
- Collaborated and/or partnered with other governmental agencies and non-profit organizations on a variety of housing and development related programs including:
  - The EDA successfully applied for and was awarded \$139,042 in CDBG funds to assist with the acquisition of a scattered site blighted property
  - Worked closely with the Ramsey County Housing and Redevelopment Authority on their purchase and renovation of a foreclosed home at 5551 Turtle Lake Road
  - Participates with the Greater Minneapolis Housing Corporation (GMHC) and Twin Cities Community Land Bank that assesses new foreclosed properties that may be suitable for purchase, renovation and resale through the First Look Program
  - Established a collaborative partnership with the Rondo Community Land Trust (CLT) to provide long term affordable housing and homeownership options for Shoreview residents, especially those facing foreclosure, using the land trust model
  - EDA staff drafted Housing Action Plan that details the steps the city is currently taking to meet the goals established with the Metropolitan Council as part of the Livable Communities Act, including strategies and programs to help the City meet its adopted goals for the time period between 2011 and 2020 (to be formally adopted in early 2011)

## ORGANIZATION and GOVERNANCE

---

The Shoreview EDA is a five-member board appointed by the City Council. It consists of 3 members of the City Council and 2 members from the Economic Development Commission. The City Council as a whole retains final decision-making authority on all financial and budgetary matters of the EDA. Appointed members include:

Blake Huffman, President (Council member)  
Marlin Rudebusch, Vice President (EDC member)  
William Fessler, Treasurer (EDC member)  
Terry Quigley, (Council member)  
Ben Withhart, (Council member)

The Shoreview EDA regularly meets at 5 p.m. on the 2<sup>nd</sup> Monday of each month before City Council Workshop meetings in the Council Chambers at Shoreview City Hall. Serving as Executive Director and primary staff to the EDA is Assistant City Manager and Community Development Director, Tom Simonson. City Planner Kathleen Nordine, Assistant to the City Manager Tessia Melvin and EDA Intern Farveh Makhssous also provide support and assistance to the EDA. The EDA also utilizes the services of Kirstin Barsness of Barsness Consulting.

## EDA MISSION STATEMENT

---

*The mission of the Shoreview Economic Development Authority is to facilitate economic growth by supporting existing businesses, foster reinvestment in residential neighborhoods and commercial areas, and promote the creation of new business, employment and housing opportunities in order to sustain and enhance the economic vitality and quality of life in the community.*

## 2010 EDA GOALS

---

This year the Shoreview Economic Development Authority maintained its foundational goals and developed a new work plan that incorporated both housing and community development initiatives.

**Goal 1: To encourage quality development and redevelopment of commercial areas within the City of Shoreview.**

**Goal 2: To support and fund programs to assist Shoreview residents in retaining and maintaining their homes in Targeted Areas.**

**Goal 3: To educate both potential and current residents and businesses concerning Shoreview efforts to foster reinvestment in the community and maintain the existing high quality of life.**

Consistent with these goals, staff identified and defined a work plan for twenty-two (22) programs and initiatives that were considered by the EDA. The EDA used a set of decision guidelines to structure their analysis. After thoughtful discussion and deliberation, the EDA selected six programs and activities as the highest priority.

### **Decision Guidelines**

In order to maximize public financial resources, the Economic Development Authority will endeavor to achieve particular outcomes. Projects and programs will be evaluated using the criterion set forth below:

- 1. Match the proposed activity or program with the best funding resource.**
  - Access and leverage grant and loan opportunities from other organizations
  - Create and qualify new tax increment districts prior to accessing TIF pooling funds
  - Examine other local option funding resources: improvement bonds, housing improvement areas, TIF pooling funds, revenue bonds, etc.
- 2. Leverage TIF pooling funds for multiple uses.**
  - Minimize activities that are a single one time expenditure
  - Plan for repayment of investment
  - Look at revolving and/or endowment of funds for future uses
- 3. Provide assistance for projects and to programs that have multiple benefits to the City by combining:**
  - Increase in tax base and employment
  - Access to new goods and services
  - Removal of blighted or nuisance properties
  - Improvement to transit and infrastructure
  - Reinvestment in neighborhoods

## EDA WORK PLAN

---

### ► Highway Corridor Transitional Areas

*Description:* Analyze and develop policies for certain transitional areas along arterial highway corridors in order to protect and buffer adjacent neighborhoods where single family residential use may no longer be appropriate or sustainable

- Identify portions of highway corridors that hold greatest potential to be redeveloped into transitional uses. Research the number of rental units and foreclosures in the specified area.
- Determine budget for acquisitions, calculate any holding costs and or rental incomes
- Seek developer once transitional area and potential future uses (multi-family, commercial) are identified.

*Resources:* Pooled tax increment from either TIF #1 or TIF #2

*Repayment:* Funds would need to be recaptured through the sale and redevelopment of the scattered sites.

*Timing:* Funds used from TIF District #1 and #2 must be committed before the Districts expire in 2014 and 2015, respectively.

*Recommended Action(s):* Select a planning consultant firm specializing in housing and redevelopment to undertake a study on behalf of the City that would identify highway corridor transition areas, assess housing conditions and issues, develop concepts for improvements and/or redevelopment, and outline possible financing options to determine feasibility for future project implementation. Estimated cost of a planning study based on the scope of services outlined is in the range of \$40,000 - \$75,000. Project would be funded through existing tax increment financing resources.

### ► Housing Improvement Areas

*Description:* Adopt a formal policy and engage targeted townhome communities that may be eligible and have interest in creating a HIA for improvements.

*Action Steps for implementation:*

- Review the survey conducted of the common interest (townhome) communities to determine the level of need for each development: critical, marginal, none
- Approach the communities identified as critical and provide information on Housing Improvement Areas (HIA)
- Gauge response to outreach and focus on communities with the greatest interest to pursue HIA process. Use the community as a model for others.
- Prepare a more detailed action plan for facilitation of the HIA process.

*Resources:* Use of the Housing Improvement Areas which allows for an assessment of the improvements.

*Repayment:* Through the assessment.

*Timing:* HIA legislation is available through 2013 and then it sunsets.

*Recommended Actions(s):* City staff has distributed the results of the survey conducted and the neighborhood profiles that were prepared to all of the Townhouse and Condominium Associations in the community. Based on field observations and information obtained from the neighborhood profiles, City staff is identifying those common interest communities that may need property improvements and could benefit most from this special financing program. The City will contact the associations to determine their interest and host a workshop to outline the specifics of the program. Timeframe for making contact and hosting a meeting to discuss interest in pursuing HIA's is Fall, 2010. No significant costs expected to explore and implement this housing improvement program as projects would be financed through bonding of the City paid back through assessments to the properties.

► **Midland Terrace Apartment (Midland Plaza Redevelopment)**

*Description:* Property owner driven redevelopment project involving the demolition of an old retail center and the relocation of Owasso Street near Victoria Street to facilitate development of a new market rate apartment building.

*Action Steps for implementation:*

- Work with property owner to determine project budget and potential for tax increment assistance.
- Determine amount of TIF generated and the level of any potential financial assistance.
- Certify new redevelopment TIF District.

*Resources:* New redevelopment tax increment district.

*Repayment:* Through generation of tax increments from a new redevelopment district.

*Recommended Actions(s):* Developer has prepared and the City has reviewed a preliminary financial pro forma for the new apartment project to determine potential tax increment revenue generation to assist with project costs. City and developer are awaiting the results of the grant application to the Metropolitan Council before formal development and financing plans can be developed. City expects decision on the grant by October, 2010. Goal is to have development and financing plans approved early 2011 with demolition of strip center and road project underway by Spring, 2011. Apartment construction would follow later in 2011 with completion by 2012. Project costs would be financed through the developer, new tax increment financing district and possibly assisted with grant from the Metropolitan Council. No existing tax increment revenue from other districts is anticipated as a financing source for this project.

### ► **Red Fox Road Commercial**

*Description:* Create a new tax increment district to assist the developer in attracting new retail, restaurant and other commercial uses to the site. Funds from TIF #5 can be used to provide “up-front” assistance that can be repaid to the City through the new economic development TIF district.

*Action Steps for implementation:*

- Contact Stonehenge to determine the status of their project.
- Determine if financial assistance would stimulate the project and level of assistance needed.
- Set guidelines for types of businesses willing to assist, minimum valuations, other standards
- Certify new economic development TIF District by June 30, 2011

*Resources:* Pooling of funds from TIF #5 to provide for up-front acquisition if necessary. Establishing new economic development district under 2010 legislation.

*Repayment:* Through generation of tax increments from a new economic development district.

*Timing:* Legislation for new economic development TIF district sunsets on June 30, 2011. The pooling flexibility for TIF #5 also sunsets in 2011.

*Recommended Actions(s):* City is working closely with developer as they seek a quality anchor use to support the overall development that could bring additional retail and restaurant services to the community. City financial assistance will be considered to assist with securing quality end uses and necessary public traffic improvements in support of the development. Costs yet to be determined until project scope is defined for both the private development and necessary traffic improvements.

### ► **PaR Nuclear - Westinghouse**

*Description:* There are two options available for the continued expansion of PaR Nuclear:

1. Assist with expansion of current facility and incorporate into the Shoreview Town Center Project area. This alternative could be accomplished by assisting PaR Nuclear with the acquisition of adjacent parcels to their facility.
2. Relocate and expand the plant onto a different site. Options include the Children’s Hospital site (zoning change) and potentially a portion of the Shoreview Corporate Center site or a redevelopment location along I-694.

*Action Steps for implementation:*

- Meet with PaR Nuclear management to discuss their current facility and expansion needs; introduce the two expansion possibilities.
- Based on PaR Nuclear’s preference develop an action plan with timelines and budget.

- Timing is critical if they select the Children’s Hospital Site. On-site expansion has a variety of financing options, including a new redevelopment district.
- Negotiate and acquire parcels for future development activity.

*Resources:* Pooling of funds from TIF #1, 2 or 5 to provide for up-front acquisition if necessary. Establish new redevelopment district when Town Center project components commence.

*Repayment:* Through generation of tax increments from a new redevelopment district if an on-site expansion takes place.

*Timing:* If the funds come from TIF #5 the deadline is July, 2011. Funds used from TIF District #1 and #2 must be committed before the Districts expire in 2014 and 2015, respectively. There are not constraints for certification of a new redevelopment district.

*Recommended Actions(s):* Conduct follow-up discussions with PaR Nuclear to determine both short-term and long-range facility needs including exploring expansion and/or new development opportunities through property acquisition to retain them in the community. No initial costs are expected from discussions with PaR Nuclear; future costs undetermined.

► **Shoreview Village Mall**

*Description:* Attract a new owner/developer to renovate and/or redevelop to fully maximize the valuable and highly visible gateway retail property.

*Action Steps for implementation:*

- Meet with current property owner to determine interest in selling mall to another developer
- Research and meet with potential developers to determine level of market interest.  
Communicate the level of improvements and the types of tenants sought.
- Determine the level of financial assistance needed and negotiate agreements.

*Resources:* Pooling of funds from TIF #1, 2 or 5 to provide for up-front acquisition if necessary.

*Repayment:* If a new TIF district cannot be created, then the assistance could be structured as an abatement or a grant in which case the benefit to the City would be the increased taxes coming from the new development, additional employment and retail opportunities.

*Timing:* If the funds come from TIF #5 the deadline is July, 2011. Funds used from TIF District #1 and #2 must be committed before the Districts expire in 2014 and 2015, respectively.

*Recommended Actions(s):* Meet with a select number of potential developers with retail, mixed-use and redevelopment experience to determine their interest in pursuing an acquisition and comprehensive redevelopment project. Depending on outcomes from meeting with developers, the City would develop a strategic plan for property acquisition including potential financing options. Recommendation is to meet with potential developers during Fall, 2010. No significant costs are necessary as part of this first recommended action to meet with developers.

## ACCOMPLISHMENTS

### HOUSING AND NEIGHBORHOOD INITIATIVES

#### **Shoreview Home Energy Improvement Loan Program**

The EDA worked the first half of 2010 on finalizing the program, administration and application details of a new home energy loan program for residents. During this time, the EDA met with the Housing Resource Center to learn about their loan administration services, develop loan criteria, and adopt corresponding policies. In summary, the proposed home improvement loan program includes the following general guidelines and eligibility requirements:

- ◆ Eligible improvements are limited to energy upgrades including new roof, energy efficient heating and cooling systems, energy efficient water heaters, additional or replacement insulation, and energy efficient replacement windows and doors.
- ◆ Properties must be owner-occupied and single-family homes.
- ◆ Maximum loan amount is \$20,000; minimum loan amount is \$2,000.
- ◆ Interest rate is market rate at the time of the application with a loan term of 10 years.
- ◆ Interest paid on the loan would be returned to the borrower at the time the loan is paid in full and if they still reside in the home after the ten years. (There are no provisions included for grants or “forgiveness” of the loan.)
- ◆ Eligibility includes income limit provisions, but the income threshold is based upon household size. (State law requires income provisions be established as a qualifying requirement because of the use of tax increment proceeds as the funding source of the loan program. The current proposed local formula is 120% of the Shoreview median household income, but the City has the option of using the Metro Area Median Income established by HUD.)
- ◆ Taxable market value cannot exceed 120% of the median value single-family home in Shoreview.
- ◆ Borrower must have a satisfactory credit score and gross monthly debts cannot exceed 50% of monthly income.

On May 3<sup>rd</sup>, the City officially launched the new Shoreview Home Energy Improvement Loan Program to qualifying residents and prospective homebuyers to encourage reinvestment and energy efficient home improvements in the community. The loans are offered through the HousingResource Center on behalf of the City for home improvements such as new roofs, and energy efficient upgrades to windows and doors, heating and cooling systems and water heaters.

City staff sent press releases out to local media outlets and an extensive mailing announcing the loan program to area realtor organizations, banks and lending institutions, churches, non-profit agencies and top employers. The program has received good publicity with lead stories published in the Star Tribune, Shoreview Press, Shoreview-Arden Hills Bulletin newspapers and websites such as the Shoreview Post, KSTP-Channel 5, and the Saint Paul Area Realtors Association.

As of the end of the year, 6 applications have been submitted for review with 5 loans closed and issued and the remaining application still being processed. A total of just over \$60,000 in energy improvement loans have been dispersed from the \$300,000 loan pool funded by the EDA.

### **Housing Improvement Areas**

In September the EDA and City held an informational meeting on Housing Improvement Areas for selected townhome and condominium associations to determine the need and level of interest in establishing HIA's in the fall of 2010. While these communities expressed interest in learning more about how HIA's can be of assistance, the City has not yet been approached by a townhome or condominium association requesting the establishment of an HIA. The City will need to adopt a formal policy if one of these communities requests the establishment of an HIA for their neighborhood.

### **Midland Terrace/Plaza Redevelopment**

This redevelopment project stems from the ULI/RCM Opportunity City Pilot Program, which included a site analysis for the Midland Terrace Apartment Complex redevelopment site, 3529 Owasso Street. The City and property owner, Tycon Companies, are working towards redeveloping an obsolete retail center with a higher-end new apartment building, diversifying rental housing opportunities in Midland Terrace and expanding lifecycle rental housing opportunities in the city. The plan includes demolishing the retail center, realigning Owasso Street, and creating a waterfront redevelopment parcel on which a high-density apartment building would be constructed. This new apartment product is not available in the affordable Midland Terrace complex or other Shoreview apartment complexes.

A feasibility study has been completed for the required road improvements and to off-set the costs associated with the required roadwork, the City sought assistance through the Livable Communities Demonstration Account Grant Program, but did not receive funding. The property owner has also prepared and the City has reviewed a preliminary financial pro forma for the new apartment project to determine potential tax increment revenue generation to assist with project costs. The City's goal is to have development and financing plans approved in 2011.

### **Neighborhood Profiles: Common Interest Communities**

In response to concerns raised by the EDA regarding common interest communities, a study of the community's townhome and condominium communities was completed to gain a better understanding of the funding needs and priorities these communities face. Common-interest

properties, townhome and condominiums, face special maintenance challenges since they rely on reserve budgets for long-term maintenance items. Neighborhood profiles for each of the City's 33 CIC's were created and are intended to introduce and present a "snapshot" of these communities and provide the City with the information needed to assess the special needs CIC's have. With this information, the EDA will be better prepared to develop programs and strategies that are specifically tailored to address the needs of these communities. The preparation of these neighborhood profiles consisted of the following:

1. Establishing a database that includes all townhome and condominium associations and information pertaining to key contacts and property management companies.
2. Surveying common interest communities to gather information regarding association maintenance responsibilities, financial planning and budgetary needs, insurance, primary issues or concerns.
3. Conducting a visual assessment of the property and exterior housing conditions through visual site inspections.
4. Gathering housing and demographic data for each of the common interest communities.
5. Creating neighborhood profiles that summarize the findings from written surveys, visual assessment and demographic research.

#### **Highway Corridor Transition Areas**

The EDA acknowledged the identification and corresponding planning assessment of strategic highway corridors in its' 2010 work plan. The underlying principle is that some residential neighborhoods along the arterial highways may no longer be a viable land use due to the noise, traffic volumes and speeds on these arterial highways. The City is interested in identifying these transitional corridors by defining "at-risk" neighborhoods, then evaluating the redevelopment and land use potential along these corridors.

The City anticipates working with a planning consultant firm specializing in housing and redevelopment to undertake this study. This study would identify highway corridor transition areas, assess housing conditions and issues, develop concepts for improvements and/or redevelopment, and outline possible financing options to determine feasibility for future project implementation. Estimated cost of a planning study based on the scope of services outlined is in the range of \$40,000 - \$75,000. Staff has commenced the writing of a Request for Proposal for a planning consultant. Solicitation and proposal review is scheduled for 2011.

#### **Southview Senior Living**

City staff met and discussed options with the developer on how to advance the senior housing project located at Hodgson Road. They are seeking HUD financing, which could push the project to 2012. Staff researched tax increment and other financing options including the potential for incorporating the adjacent residential property into the housing/office master plan that was approved.

### **Continuation of Existing Resources**

The City of Shoreview continues to operate the S.H.I.N.E. and Rental Licensing Programs. As part of the EDA's role as the City's housing agency, updates and recommendations are provided regularly by City staff.

#### **SHINE Program**

The S.H.I.N.E. program is intended to serve as an educational tool by providing property owners with information regarding the City's housing and property maintenance standards. Two neighborhoods are selected each year, one in the spring and one in the fall. This year, a new brochure was developed and sent that detail additional information for home owners. The neighborhoods around Lake Wabasso was targeted in the spring with 191 properties being inspected. In the fall, City Code Enforcement Officers inspected properties in the single family residential area in the southeast quadrant of Highway 96 and Lexington Avenue, just east of the Lake Ridge townhomes. Approximately 76 properties in the neighborhood were inspected.

#### **Rental Licensing**

Shoreview established a rental housing licensing program in the summer of 2003 to address issues associated with the increase of rental housing units within the community. This program applies to single-family attached/detached homes, townhomes, mobile homes and multi-family dwelling units that are being used as rental properties. The program addresses several issues associated with rental housing units including maintenance, use and/or activity. With regards to maintenance, licensing enables a community to ensure these units and properties are maintained in a manner that provides decent housing for residents and upholds the property maintenance standards of the community.

#### **Code Enforcement and Abatement**

The City's Code Enforcement Program is primarily implemented on a complaint driven basis. Staff typically does not actively look for code violations, but rather responds to public complaints reporting that a property contains a use, construction or an activity that may not be in compliance with the City Zoning and/or Building Codes. Staff investigates the complaint through a site inspection and assess whether a code compliance issue does in fact exist. If the complaint is verified, the Staff then works with the individuals to achieve compliance. In some instances, legal action may be needed to achieve compliance.

#### **Foreclosure Tracking and Monitoring**

Staff gathered information about Shoreview foreclosure properties throughout the year. Utilizing the City's GIS and mapping system, staff generated exhibits for the EDA to track the status of the number and location of foreclosure properties within Shoreview. In 2010 Shoreview experienced more foreclosures than 2008 and 2009 with estimates at 78 housing units.

## INTERGOVERNMENTAL PARTNERSHIPS & GRANTS

The EDA continued close collaboration with other housing agencies in 2010 on a variety of projects and initiatives. The EDA recognizes the need to partner with other non-profit and governmental agencies that have different programs, financial resources and expertise. Associations with Ramsey County, the Great Metropolitan Housing Corporation, Rondo Land Trust and the Metropolitan Council will continue in 2011.

### **Ramsey County**

Ramsey County's Community and Economic Development/Housing and Redevelopment Authority is the designated recipient of federal entitlement Community Development Block Grant (CDBG) and HOME Investment Partnership Program funds which are used for projects that reinvest in suburban Ramsey County. The City has executed a Joint Cooperation Agreement with Ramsey County which enables CDBG and HOME Funds to be used for affordable housing projects within the community.

#### **Community Development Block Grant – Scattered Site**

The EDA successfully applied for and was awarded \$139,042 in CDBG funds to acquire a scattered site home located on Victoria Street. Negotiations with the property owner continue and the EDA plans to demolish and sell the site to a private developer for multiple affordable housing sites.

#### **Ramsey County – Foreclosed Single-Family Home Acquisition and Rehab**

Using HOME Investment Partnership funds, Ramsey County Community and Economic Development/Housing and Redevelopment Authority purchased and renovated a foreclosed home at 5551 Turtle Lake Road. This project was completed as part of the Ramsey County Foreclosure Remediation Pilot Project which is designed to help stabilize communities by improving vacant properties and making them available to first-time homebuyers. The renovated home is currently listed for sale. Ramsey County offers several programs to assist potential buyers with the acquisition of foreclosed properties in the County.

### **Greater Metropolitan Housing Corporation (GMHC)**

#### **Housing Resource Center**

GMHC operates the Housing Resource Center™ (HRC) program which provides housing services for local communities. The City of Shoreview contracted with GMHC to provide the services of its Housing Resource Center to Shoreview residents. The HRC provides Shoreview residents extensive, high quality, and individualized assistance with their home improvement and home financing needs, including:

- Loan Information
- First Time Home Buyer Assistance
- Assistance regarding Construction Management
- Homeownership Assistance

The HRC is the administrative agent for the Shoreview Home Energy Improvement Loan Program. In this capacity they provide Shoreview residents with information about the loan program, prepare and process applications, close loans, oversee the fund disbursement process(through the Community Reinvestment Fund), and provide monthly reports.

#### **Twin Cities Community Land Bank/First Look Program**

Staff continued to communicate regularly with representatives of the Greater Minneapolis Housing Corporation (GMHC) regarding foreclosed properties that may be suitable for the First Look Program. Shoreview Community Development staff met with representatives of the Twin Cities Community Land Bank regarding the First Look program. This program has been implemented and Shoreview now has access to homes that are available through First Look. City staff anticipates continued discussion with the EDA and City Council regarding this program and developing a policy to expedite the acquisition process under certain circumstances.

#### **Rondo Community Land Trust**

The City of Shoreview and the Rondo Community Land Trust (CLT) have developed a collaborative partnership to provide long term affordable housing and homeownership options for Shoreview residents using the land trust model. Using this model, homebuyers purchase only the house – and enter into a long term agreement with the CLT to lease the land. CLT homes are sold to families with limited incomes. These homes cost less than market rate homes because CLT homebuyers purchase only the house and enter into a 99-year ground lease with the CLT for the use of the land. When a family decides to sell a CLT home, they sell only the house to another family with a limited income for the price that is determined by the resale formula in the ground lease. The home stays affordable for future generations. This model can also be used to help families who may be facing foreclosure.

#### **Metropolitan Council**

##### **Midland Terrace LCDA Application**

The EDA and City sought assistance through the Livable Communities Demonstration Account Grant Program, but did not receive funding. The property owner has also prepared and the City has reviewed a preliminary financial pro forma for the new apartment project to determine potential tax increment revenue generation to assist with project costs.

##### **Livable Communities Participation**

The Metropolitan Council has implemented several housing programs to ensure that life cycle and affordable housing opportunities are available in the region. The Livable Communities Act (LCA) is a voluntary, incentive-based approach to help the Twin Cities metropolitan area

address affordable and lifecycle housing needs while providing funds to communities to assist them in carrying out their development plans. The City does participate in this program and has adopted affordable and life-cycle housing goals and continues to meet the required expenditures for local housing programs. As a result of this participation, Shoreview has in the past received funding to assist with redevelopment projects which provide life-cycle and affordable housing.

#### **Family Affordable Housing Program**

Shoreview also participates in Metropolitan Council's Family Affordable Housing Program (FAHP). This program was developed to assist the Minneapolis Public Housing Authority in meeting the required replacement of 770 units in response to the 1995 Hollman consent decree. The Metropolitan Council agreed to develop 150 of these replacement units via a scattered site rental unit acquisition program in partnering communities. A Cooperation Agreement has been executed between the City of Shoreview and the Metropolitan Council which permits the Metropolitan Council to own and manage ten (10) of these units in the City.

#### **Housing Action Plan**

In October, City staff drafted a Housing Action Plan that details the steps the city is currently taking to meet the goals established with the Metropolitan Council as part of the Livable Communities Act. This document will be refined and formally adopted in 2011; its structure will lay out strategies and programs to help the City of Shoreview meet its adopted goals for the time period between 2011 and 2020 are:

- *Affordable housing: 70 to 107 units* with the low end of the range representing the number of units that can be accomplished with current funding levels.
- *Life-cycle housing: 105 to 300 units* with the low end of the range reflecting the affordable housing allocation while the high end represents the potential number of units projected by the City's 2030 Land Use Plan.

## COMMERCIAL DEVELOPMENT ACTIVITIES

### **Tax Increment Administration**

The evaluation and use of tax increment from existing districts played a significant role in funding two new EDA sponsored initiatives in 2010: The Shoreview Home Energy Improvement Loan Program and Advantage Shoreview- Business Partnership Loan Program. This resource will continue to provide capital for addressing community housing, redevelopment and economic development goals.

### **Modifications and Budgets and Amendments to TIF Districts 1, 2, and 5**

In 2010 the EDA directed staff to complete an analysis of the City's Tax increment District that researched existing and future TIF District fund balances and identified opportunities for utilizing these resources. Based on this review and analysis, the EDA and City Council concluded that Shoreview has a unique opportunity to utilize both existing and future non-obligated tax increment resources to implement new housing programs and assist with economic development and redevelopment initiatives.

More specifically, there were opportunities for amending tax increment plan budgets and using the fund balances for Tax Increment Districts 1, 2 and 5 toward other City goals such as housing, economic development and redevelopment. Tax Increment Districts 1 & 5 have current funds available, while all three have future revenues that can be accessed later. Regardless of how the funds are utilized, all plan and budget amendments needed to take place prior to the use of the tax increment and especially before the TIF Districts' terms expire.

In April the City Council held a public hearing adopting the Modification to Municipal Development District No. 2 which placed the entire corporate limits of the City of Shoreview within the Development District, thus allowing for maximum pooling of tax increment. Additionally, budget amendments were made to TIF District 1, 2, and 5 that incorporated Neighborhood, Business/Commercial, Planned Redevelopment, and Multi-Family Improvement Areas.

The EDA, with City Council approval, utilized the amended TIF Budgets to create the Shoreview Home Energy Improvement Loan Program. Initial funding for the program was established at \$300,000.

### **Temporary TIF Legislation Impacting TIF District No. 5**

In April 2010, the Minnesota Legislature made several unprecedented changes to the Tax Increment Statutes in order to stimulate private construction and investment. The changes relax certain traditional TIF authorities such as pooling restrictions and allow for the use of tax increment for commercial and retail uses. There are time constraints associated with the new

laws. Expanded authority sunsets in either 2011 or 2012, depending on the type of tax increment district.

The temporary authority allows tax increments from any district to be spent to facilitate any type of development without regard to general restrictions on TIF districts. This provision allowed the expanded use of increments from Tax Increment District No. 5, increasing the available TIF from approximately \$400,000 to over \$1.6 million. The EDA devoted multiple meetings to evaluate potential projects for use of these funds and determined the following options as having the greatest impact given timing constraints:

- The creation of a business loan program (Advantage Shoreview) which will be initially targeted to businesses included in the Business Retention and Expansion program. In addition, the TIF funds will be used to write down the costs of permitting fees for new construction projects. Should funds remain in the fund after the initial outreach to the BRE businesses, the loan program will be opened up to other local businesses.
- To provide funds to facilitate commercial (re)development that will provide increase local tax base, generate employment and expand services and retail opportunities for residents.
- To off-set the cost of public infrastructure needed to support development including, but not limited to, Owasso Boulevard, Lexington Avenue, and Red Fox Road.

These activities were incorporated into a Written Spending Plan which was reviewed and adopted by the City Council at their November 15, 2010 meeting.

### **Advantage Shoreview**

The EDA and staff worked to develop a framework for a business loan program, including objectives and guidelines. Upon its approval, the business loan program was promoted to the local business community with priority given first to the key businesses included in the Business Retention and Expansion (BRE) Program since there is limited available resources and tight timeframe for providing assistance under the special TIF authority granted.

The proposed business loan program was developed with consideration to the special funding tax increment resources and limited timeframe granted to the City through the special legislation. However, the document is written in a manner that could be retained as a long-term business loan program depending on other available funding resources and interest from the business community. Some of the more key criteria of the proposed Advantage Shoreview – Business Partnership Loan Program include:

- The EDA will loan up to 30% of the total project cost with a maximum loan amount of \$500,000
- The interest rate for the term of the loan is 3.0%
- The maximum term for building construction and structural renovations is 15 years. The maximum term for machinery, equipment, and fixtures is 10 years
- Eligible projects – Loans for land, building, machinery, equipment and leasehold improvements

- Ineligible projects – Funds may not be used for refinancing existing indebtedness, personal property items, working capital, and previously completed projects

Once the loan program was adopted, city staff customized letters to the Shoreview businesses visited through the BRE Program. Many of these businesses had mentioned needs for financial assistance in order to expand their facilities and add employment in the community. After a set time period, Advantage Shoreview would be opened up to other established businesses.

### **Twin Cities Community Capital Fund**

In the fall of 2010, the Twin Cities Community Capital Fund (TCCCF) Board of Directors unanimously voted to cease operations and dissolve the corporation due to the inability to move their loans because of the financial markets. The City received reimbursement of their portion of the escrowed funds from TCCCF in the amount of \$157,500. Also received was a partial repayment of \$8,277.50 from the original \$17,500 working capital loan that each member city was required to provide when joining the TCCCF. This means the City has approximately \$165,000 that could be directed towards a micro-loan program or other eligible use to assist business and development.

The source of the funds for TCCCF came from the Minnesota Department of Employment and Economic Development from the Minnesota Investment Fund. Given this source, future use of the funds needs to be targeted to business loans and cannot be used for other general purposes.

### **Business Micro-Loans**

As a reuse of the TCCCF dollars, the EDA began researching alternatives for business financing. The Authority showed an interest in starting a Micro-Enterprise Loan program and directed staff to research and present information regarding different loan program criteria, types of businesses helped, default rates and other pertinent data. In summary:

A **micro-enterprise** is a type of small business, often unregistered, having five or fewer employees and requiring seed capital of not more than \$35,000. The businesses cannot access traditional capital through a bank or other financial institution because of their size. Business types are varied and include manufacturing, commercial, service and retail.

EDA members will continue to explore the potential of a microloan program in 2011 with additional information from other suburban communities as one resource.

### **Red Fox Road Retail Development**

The temporary TIF law changes led to additional discussions with the developer for Red Fox Road retail project. The developer is still trying to attract a strong anchor user that will allow for the retail center development to move forward. In December, the developer indicated that there were two viable options and that they were interested in discussing the possibility of expanding their project to potentially include other parcels in the area. The City has offered to

consider financially assisting with qualified site improvements and/or road improvements to Red Fox Road and intersection with Lexington Avenue to help facilitate a development.

### **Par Nuclear/Westinghouse**

In the Business Retention visit Par Nuclear indicated a need for additional parking in order to facilitate the hiring of additional employees. After examining various options, staff indicated to Par Nuclear/Westinghouse that the City could assist with the construction of additional parking through the Advantage Shoreview Program. The EDA will continue to explore a joint venture with the company in 2011.

### **Shoreview Village Mall**

City staff met with developer representative to discuss the redevelopment of the Shoreview Village Mall. Information on the site's history, ownership, and city vision were shared. At this time staff continues to monitor on-going discussions between the mall owner and a retail developer representative on exploring the possible acquisition and improvement to this key commercial property.

### **Shoreview Corporate Center**

As a potential use of pooling increment from TIF #5, staff discussed necessary renovations and upgrades to the building to accommodate new tenant(s) with the broker representing the property owner. They estimate it will cost approximately \$5-6 million to retrofit the interior and another \$5-7million to redo the exterior of the building. Staff will continue to work with the property representatives and explore the potential qualifying of the property as a renewal and renovation tax increment district.

### **Business Retention Visits (EDC)**

Retention and expansion of key businesses is an important strategy for the City to foster continued economic growth. Shoreview has developed a Business Retention and Expansion (BRE) Program to establish and enhance it relationships with our valued businesses. The BRE Program is an avenue for the City to gather information about local business activity, anticipate change in a company's status and work to retain businesses that provide the greatest positive economic impact. Established goals of the BRE Program include:

1. Support business development that increases the tax base and adds quality jobs.
2. Retain quality businesses by creating a positive economic environment that supports and fosters business expansion in the community.
3. Plan for and pursue redevelopment opportunities consistent with City goals.
4. Promote reinvestment in the community by directing resources to pre-determined business and neighborhood targets.

BRE visits to landmark and emerging businesses have been conducted by members of the City Council, Economic Development Commission and City staff. Over the past two years, the City has made 15 BRE visits to the following businesses:

- **Deluxe Corporation**
- **Dymedix Corporation**
- **EMPI**
- **Key Medical Supply**
- **Mead Metals**
- **MSP Corporation**
- **Multi-Clean**
- **Nardini Fire Equipment Company**
- **PaR Nuclear Westinghouse (2 visits)**
- **PaR Systems**
- **Personix Corporation**
- **TSI Incorporated**
- **Weber Electric**
- **Wells Fargo**

The Economic Development Authority, consisting of members from both the City Council and Economic Development Commission, has and will continue to implement work plan priorities based upon the results and required actions from the outcomes of the BRE visits. Specific projects and financial assistance programs are summarized in other sections of this annual report.

#### **Cummins Power Generation**

Late in 2010, Cummins Power Generation has entered into a purchase agreement to acquire the Medtronic property at 3850 Victoria Street. Cummins Power Generation is tentatively scheduled to officially close on the deal in March 2011. Cummins expects once they take control of the property it will be 5-6 months to undertake improvements to the facility for their needs before they move employees. The Shoreview property will serve as the global division headquarters for Cummins Power Generation, a division of Cummins, Inc. They anticipate about 800 employees coming to Shoreview including their CEO/President, management team and all corporate personnel.

## COMMUNICATIONS AND COMMUNITY OUTREACH

The Economic Development Authority continued to utilize a wide-range of communication tools to provide information and promote new programs and resources available to both businesses and residents of the community. These efforts included:

- In accordance with its by-laws, the EDA hosted its first annual meeting in January. The Authority elected officers, reviewed the annual financial report and commented on a draft of the 2009 Annual Report.
- Information on available housing loan programs and resources is available on the City's website. In 2010, the website was updated to provide residents with current information regarding housing related activities, property and housing maintenance requirement, loan program information and foreclosure prevention.
- The City hosted a workshop for interested residents in Shoreview and Ramsey County regarding Rondo's programs related to home ownership, home improvement assistance and foreclosure prevention. Approximately 10 individuals attended the workshop, some of whom were able to acquire a home in Ramsey County with assistance from the Land Trust.
- Another marketing effort used to inform residents of housing loan programs was through the use of an insert in the City utility bills distributed to residents. The insert provides a summary of the housing loan programs available through the Housing Resource Center, Ramsey County, Neighborhood Energy Connection and the City of Shoreview. For utility billing, the City is divided into three zones, each with an average of about 2,700 accounts. The mailing began in December 2010 and will be completed in February 2011.
- In 2010, there were 78 homes foreclosed on in Shoreview which is an increase over the number of foreclosures recorded in 2008 and 2009. To address this issue, funding strategies and partnerships were explored to encourage the re-occupancy and reinvestment in these homes. Lutheran Social Services, Rondo Community Land Trust, GMHC's HousingResource Center and Ramsey County provide assistance to residents who are facing foreclosure. Strategies discussed included community workshops, direct mailings, meeting with local businesses, website development and local press releases. Information was provided to residents using these methods with the exception of direct mailings and meeting with local businesses. These and other strategies will continue to be explored in 2011.
- Community Development staff hosted a public workshop on the concept of establishing a Housing Improvement Area for invited townhouse and condominium associations the evening of September 16, 2010. This is a special financing tool that could assist associations

interested and in need of common area improvements for items such as roofs, siding, and private streets and other infrastructure. Cathy Bennett, Bennett Community Consulting and the Urban Land Institute, provided a slide presentation and technical assistance for the workshop.

- Promoted the new Shoreview Home Energy Improvement Loan Program through articles and advertisements in the ShoreViews newsletter, press releases and follow-up stories in the local newspapers, and information included on the City's website. Marketing brochures were mailed to the SHINE neighborhoods, and various stakeholders including housing agencies, realtors, businesses, and area faith-based organizations.
- Launching the new business expansion loan program called *Advantage Shoreview – Business Partnership Loan Program* letters were sent to key businesses that have been identified through the BRE Program announcing the *Advantage Shoreview* loan program and a packet of information that included a brochure, loan guidelines and loan application. The letters sent were written to include specific options for possible expansion projects that were identified during the BRE visits. The direction of the EDA was to allow several weeks for the BRE businesses to review and consider their interest in the loan program and, depending on the results of this initial contact, the City would then undertake a wider promotion of *Advantage Shoreview* to the entire business community. A feature article was also published in the ShoreViews newsletter on the new business loan program.
- Summer 2010 edition of the ShoreViews newsletter included a two-page article highlighting the work plan and new programs of the Economic Development Authority.