



Housing & Redevelopment Authority

## Crow Wing County HRA Board Meeting Agenda

5:00pm Tuesday July 11<sup>th</sup>, 2023

**Crow Wing County Land Services Building, Meeting Room 1 (Lower Level)  
322 Laurel St. Brainerd, MN 56401**

Join from browser:

<https://brainerdhra.my.webex.com.brainerdhra.my/j.php?MTID=m7cdc50e0aeee88627f664951200252a4>

Join by phone: 415-655-0001

Meeting number (access code): 2553 795 2872

Meeting password: skJhbi6Bj44

*"Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County."*

### **1. CALL TO ORDER**

### **2. ROLL CALL**

### **3. APPROVAL OF AGENDA**

### **4. APPROVE MINUTES (Attachment 1) Pg. 3**

- a.** Approval of the Tuesday, June 13<sup>th</sup>, 2023 Meeting Minutes

### **5. REVIEW & ACCEPT FINANCIAL STATEMENTS (Attachment 2) Pg. 9**

- a.** CWC HRA Combined Balance Sheet June 2023
- b.** CWC HRA Combined Operating Statement June 2023
- c.** CWC HRA June 2023 Payments

### **6. UNFINISHED BUSINESS**

### **7. NEW BUSINESS**

- a.** Counselors of Real Estate Transforming Neighborhoods Program (Attachment 3) Pg. 17

**8. REPORTS/UPDATES:**

- a.** Executive Director (*Attachment 4*) Pg. 29
- b.** Housing Trust Fund (*Attachment 5*) Pg. 31
- c.** Brainerd HRA/Rehab Programs (*Attachment 6*) Pg. 33
- d.** BLAEDC/CREDI (*Attachment 7*) Pg. 37
- e.** CWC

**9. COMMISSIONER COMMENTS**

**10. NEXT MEETING** Tuesday July 25<sup>th</sup>, 2023

**11. ADJOURNMENT**

CWC HRA Commissioners

Zach Tabatt, Chair - District 3 (12-31-24)  
Richard (George) Burton, Vice Chair - District 1 (12-31-27)  
Michael Morford, Secretary/Treasurer - District 2 (12-31-23)  
Michael Aulie, Commissioner - District 5 (12-31-26)  
Jennifer Bergman, Commissioner - District 4 (12-31-25)



Housing & Redevelopment Authority

**Crow Wing County HRA  
BOARD MEETING MINUTES  
06/13/2023**

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at the Crow Wing County Land Services Building, Meeting Room 2 (Lower Level) and via Webex video/teleconference at 5:00 p.m., Tuesday, May 13th, 2023.

1. **CALL TO ORDER:** Chair Zachary Tabatt called the meeting to order at 5:01 p.m.
2. **ROLL CALL:** Present: Commissioners Michael Aulie, Michael Morford, Richard (George) Burton, Zach Tabatt, & Jennifer Bergman.  
  
**Others present:** Executive Director Eric Charpentier, Finance Director Karen Young, Rehab Administrative Specialist Kristin Miller, BLAEDC Executive Director Tyler Glynn, and Crow Wing County Administrative Services Director Deborah (Debby) Erickson. Guests: Brad Chapulis Baxter City Administrator, Chris Anthony, Erich Geisler, Billy Zeits, George Leone, and Stephan Baker.
3. **OATH OF OFFICE:**  
 Jennifer Bergman was recommended for appointment to the Crow Wing County HRA Board by Commissioner Franzen at the County Board Meeting on May 23<sup>rd</sup>, 2023, this appointment was approved by the full board.  
  
 She will be filling the term that is set to expire on 12/31/25 that was previously held by Commissioner Nathan.  
  
 Crow Wing County HRA Executive Director proceeded with the reading of the Oath to Jennifer and she accepted the pledge.
4. **APPROVE AGENDA:**  
  
**Moved and seconded by Commissioners Bergman and Aulie to approve the agenda as presented for the June 13th, 2023, board meeting. Through a vote, all commissioners were in favor and none were opposed. The motion passed.**
5. **APPROVE MINUTES:**  
  
**Moved and seconded by Commissioners Aulie and Morford to approve the minutes from the May 9th, 2023, board meeting. Through a vote, all commissioners were in favor and none were opposed. The minutes were approved.**

**6. FINANCIAL:**

**a. REVIEW and ACCEPT FINANCIAL STATEMENTS:**

*The financial information for April 2023 was presented by Karen Young.*

**Commissioner Aulie moved to approve the April financial statements as submitted, followed by a second from Commissioner Burton. Upon a vote, all commissioners were in favor and none were opposed. The motion carried.**

**Housing Trust Fund (HTF) Loan**

Through May, there have been 13 HTF loans awarded for a total of \$278,375. Of this amount, \$193,982 has been expended out of the Fund towards these loans - as reflected in the May financials. In June, an additional \$20,000 Down Payment Assistance loan was recorded for a total of \$298,375 loans awarded out of the Fund to date.

A Housing Trust Fund Projection was included for the board to have a visual snapshot reflecting approved funding and loans - along with the proposed New Construction Application.

**7. UNFINISHED BUSINESS:**

**8. NEW BUSINESS: HOUSING TRUST FUND LOAN REQUEST – NEW DEVELOPMENT FINANCING**

Baxter Multifamily LLC in concert with Lofts of Novotny LLC have applied for funding through the Housing Trust Fund for a new development project located at 7405 Novotny Rd in Baxter. The financing request is to help build a multi-family new development apartment complex with 64 units of multi-family housing in Baxter. The owner of the pledged real estate will be Lofts of Novotny LLC. The parent organization is Baxter Multifamily LLC with Christian Allen and George Leon who make up the general partners of the parent organization and are the decision makers for the proposed project. Fort Caroline Investments is a limited partner and a financial contributor but is not involved in the decision making for the development.

The request for funding would be to cover a gap in their financing model that has surfaced in the past 9 months due to the rising interest rate environment for their primary construction loan lender. There were some delays that the developer had not anticipated when they broke ground in the fall of 2022 that has provided this opportunity to potentially partner on this project. The financing request represents approximately 8% of their total projected project costs, which is in line with traditional gap funding. The development group has infused capital into the project of approximately 29% of the total cost and the primary lender would be looking at a loan to value of 58% for their primary mortgage position.

The development would have a mixture of studio, 1- and 2-bedroom apartments for rent and the rent amounts would range from \$975 - \$1,805 depending on the layout of the unit. Per the housing trust fund guidelines that have been adopted by this board, 40 percent of the units will have rent amounts at or below 115% of the area median income (AMI) and an additional 20% of the units will have rent amounts at or below 80% of the AMI. The guidelines also stipulate that all housing trust fund assisted units shall be occupied by

households with incomes at or below the targeted income categories unless compliance with federal, state or local laws require otherwise. The above-mentioned rents would meet the requirements with the guidelines that we have laid out. These rent amounts will adjust on a yearly basis based off the AMI calculation that is provided by HUD on a yearly basis, for Crow Wing County. The management company will be responsible for reviewing the rents yearly to verify compliance with the AMI parameters and tenants in the units to ensure that the overall intent of these units meets the workforce goals of the trust fund. INH Properties will be the management company that Lofts at Novotny LLC will be partnering with to oversee this building.

The developer group is still working through the final items that are required for final approval of their construction loan with First National Bank of Walker. The bank is still waiting for an appraisal before they can give final approval for the construction loan. The proposed construction term is 15 months with a 6 month lease up period to stabilize the rents for a total term of 21 months. First National Bank of Walker so have the option of providing their long-term financing on the property after the construction loan matures. Typical commercial real estate covenants such as personal guaranties, annual financial statements, tax returns as well as an overall debt service coverage ratio of 1.25X are part of the proposed construction loan and would likely be similar in a permanent financing package.

The collateral to be pledged for the Housing Trust Fund loan will be a subordinate mortgage to the primary lender. We understand that we would not be in a primary position on the real estate and that is by design for gap financing such as this. The developer is also looking at the potential of a smaller loan through BLAEDC's unified fund (BUF). At the time of this memo, that loan request had not been received or presented to that board. At such time that the final financing moves to close, the CWC HRA would be willing to subordinate our lien position to the primary financing bank at that time. We would also request that if the BUF loan does come to fruition, that the HRA maintains its 2<sup>nd</sup> lien position on the real estate and request that BUF subordinates to our mortgage.

This proposed loan would be at 0% interest for a 20-year term. The repayment requirement is a balloon payment at maturity. By not requiring a monthly payment for the borrower it allows the project to maintain a strong debt service coverage ratio while the property stabilizes, and the property builds equity. The borrower can pay the debt off prior to the maturity if they choose to, without any prepayment penalty to consider. If the debt is paid off prior to maturity, the rent restrictions would no longer apply.

Members from the development team attended our meeting to give our board a presentation of their project and explain why this gap financing is important to bring this development to completion.

**Moved by Commissioner Morford and seconded by Commissioner Aulie to approve of the housing trust fund loan request to Lots of Novotny, LLC contingent upon the successful closing of the entity's primary construction loan. Upon a vote, all commissioners were in favor and none were opposed. The motion passed.**

## **9. REPORTS:**

### **a. Executive Director:**

#### Developer Meeting

Eric met with a developer and the City of Baxter on 6/2 to discuss a number of tax forfeited parcels that the developer was interested in purchasing through our tax forfeited property policy, all within the City limits of Baxter. The developer will be working with the City Administrator on a final list of parcels they are interested in and will then fill out an application for our program. They are intending on requesting the use of some revolving loan funds that the City has access to, to address the outstanding assessments on these parcels.

#### Observance of Juneteenth:

The Minnesota Legislature approved a bill this session to establish Juneteenth as a state recognized holiday. A provision included in the state and local government omnibus bill adjusted the previous effective date to make the holiday required this year. The holiday is to recognize the date on which slavery was abolished in the United States. Public business cannot be conducted on June 19th in observance of this holiday. We have adjusted our work schedule to reflect that our offices will be closed on Monday June 19th of this year and our staff will be paid for the holiday. We will be adding this holiday to our list of recognized holidays going forward.

#### Redevelopment of Former Thrifty White:

The Brainerd HRA board had a joint meeting with the Brainerd City Council on May 30th to discuss a redevelopment TIF district to help support this development. While no formal action was taken at this meeting there was consensus support to have the HRA continue the process of reviewing the financial viability of a TIF district for this proposed redevelopment. We have received the pro forma statement from the developer, and we continue to work through this process with our financial advisors and bond counsel.

### **b. Housing Trust Fund:**

We continue to receive applications for our down payment assistance program as well as our rehab programs. Depending on the outcome of the loan request today, our funds available in the trust fund will be effectively exhausted if the loan request is approved. I have met with the County administration to brief them on the status of the trust fund.

There is a State Housing Trust Fund match program that has been approved by Minnesota Housing in which we will be allowed to apply for matching funds based off what local funds have been committed to our local housing trust fund on or after June 29th, 2021. The details of the program are still being finalized and we anticipate further guidance after July 1st of this year. We intend on applying through their RFP process for matching funding to help replenish our trust fund.

As we are moving into budget season we will also need to look at what our levy request may need to be for 2024, with additional projects in the County that may be requesting funding in the near future. There continues to be a demonstrated need for funding through the trust fund and our staff will be working on putting together a cash flow

projection for the long-term viability of the fund, knowing that these dollars will revolve back to be utilized for future projects. Staff would like to have a budget only special board meeting as we did in August of 2022 to devote more time to this topic and to present options to you all for what we would ultimately like to present to the County Commissioners for our levy request in 2024.

**c. Brainerd HRA/Rehab Programs:**

**SE Brainerd SCDP Application**

The application for 8 units of owner-occupied rehab and 12 units of single-family rental rehab was submitted prior to the May 1st deadline. We should find out sometime around July if our application is funded.

**d. BLAEDC/CREDI:**

Staff time billing reports were presented for May 2023. Glenn presented an overview of happenings at BLAEDC.

**e. CWC:**

Erickson gave an overview of all happenings in Crow Wing County.

**10. CWC HRA Commissioner Comments:**

**11. NEXT MEETING:** Tuesday, July 11th, 2023

**12. ADJOURNMENT:**

**Commissioner Aulie made a motion to adjourn the meeting. Commissioner Morford seconded the motion. All commissioners voted in favor of the motion, and none were opposed. The motion was approved, and the meeting was adjourned at 6:32 p.m.**

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To: CWC HRA Board Members

From: Karen Young, Finance Director

Date: June 29, 2023

Re: Review and Accept Financial Statements

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### **CWC HRA Levy**

Reflected in the June General Fund Financial Statements is the deposit of \$296,129.96 in Property Tax Revenue (levy). The second deposit of \$126,912.80 was deposited in July for total deposits of \$423,042.76. The total levy amount for 2023 is \$748,320. The second half property tax settlement will be in December.

We recently received the 2024 maximum levy capacity amount for CWC HRA - which increased to \$2,882,076 from \$2,160,958 in 2023. This is the maximum amount the CWC HRA could levy for at the allowable .0185% of Estimated Market Value.

### **Level Contracting Closing**

Reflected in the June financial statements is the closing that took place for the purchase of the two lots in Brainerd Oaks, two lots in Serene Pines and one lot in Dalmar Estates for a total of \$63,075.04 as approved at the May meeting. Of this, \$11,500 went to the City for SAC/WAC/Park Fees, \$40,342.65 went to the City in lieu of assessments, and \$858.50 were for closing costs. We were reimbursed for direct costs of \$10,373.89. With this closing, 82% of the total lots have been purchased by the developer.

### **Housing Trust Fund (HTF)**

Through June, there have been 15 HTF loans awarded for a total of \$1,298,375. Of this amount, \$251,217 has been expended out of the Fund towards these loans - as reflected in the June financials. Two additional Owner-Occupied Rehab loans have also been approved, but the projects have not been bid out yet - so the total loan amounts have not been determined. The maximum loan amount would be \$25,000 each. One additional Down Payment Assistance Loan is also in review, which would be a maximum loan amount of \$20,000.

We have included a Housing Trust Fund Projection for the board to have a visual snapshot reflecting approved funding and loans.

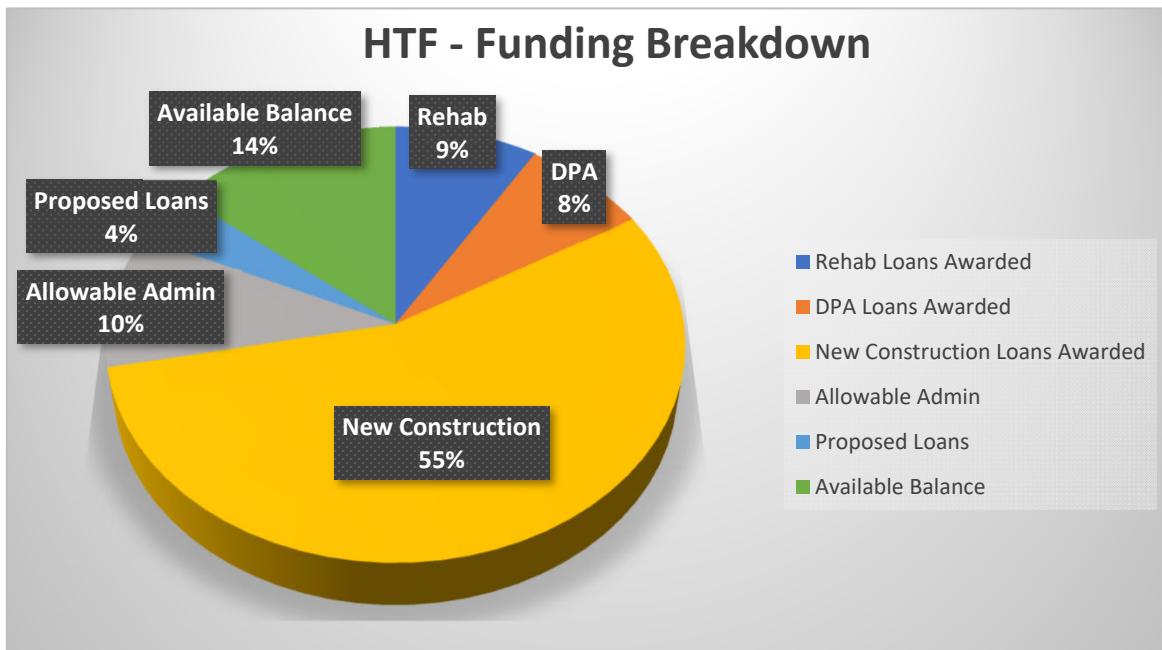
**Action Requested: Accept the June financial statements as submitted.**

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# Housing Trust Fund Projection

<b>Levy Approved Total</b>	\$	1,800,000.00
<b>Interest Earned To Date</b>	\$	6,951.00
<b>Loans Awarded</b>		
Rehabilitation	\$	158,375.00
Down Payment Assistance	\$	140,000.00
New Construction	\$	1,000,000.00
<b>Total</b>	\$	1,298,375.00
<b>10% Allowable Admin</b>	\$	180,000.00
<b>Remaining Balance</b>	\$	328,576.00

<b>Proposed</b>		
DPA	\$	20,000.00
Rehab	\$	50,000.00
Total	\$	70,000.00
<b>Available Balance</b>	\$	258,576.00



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Date/Time joe  
7/5/2023 10:51:58 AM

**Crow Wing County**  
**CWC HRA Combined Balance Sheet**  
**June, 2023**

**Cumulative**

**ASSETS**

550-000-1129.210	Cash Gen Fund	339,634.84
550-001-1129.210	Cash CWC SCDP	87,331.72
551-002-1129.210	Cash RLF TIF	411,887.60
556-000-1129.210	Cash Development Fund	1,393.50
557-000-1129.210	Cash Tax Forf Property	1,005.99
558-000-1129.210	Cash HTF	1,140,536.07
551-002-1141.000	Loans Rec RLF TIF	13,039.61
558-000-1141.000	HTF Loan Receivable	251,217.00
556-000-1450.000	Land Held for Resale	173,436.66
<b>TOTAL ASSETS</b>		<b>2,419,482.99</b>

**LIABILITIES**

557-000-2115.000	Escrrow Account TFP	-5,000.00
556-000-2600.000	Def Inflow of Res - Dev	-173,436.66
<b>TOTAL LIABILITIES</b>		<b>-178,436.66</b>

**SURPLUS**

550-000-2700-000	Net Income	-207,797.85
550-000-2806.000	Retained Earnings	-2,033,248.48
<b>TOTAL SURPLUS</b>		<b>-2,241,046.33</b>

**TOTAL LIABILITIES & SURPLUS**

Proof	0.00
	<b>-2,419,482.99</b>

Date: 7/5/2023  
 Time: 10:52:02 AM  
 joe

**Crow Wing County  
 CWC HRA Combined Operating Stmt  
 June, 2023**

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	<b>Current Period</b>	<b>Current Year</b>	<b>Year To Date Budget</b>	<b>Variance</b>
<b>INCOME</b>				
550-000-3610.000 Investment Earnings	-1,599.41	-5,549.50	0.00	-5,549.50
550-000-3690.000 Other Revenue	-664.20	-1,264.20	0.00	-1,264.20
550-000-3691.000 Property Tax Revenue	-296,129.96	-296,129.96	-373,320.00	77,190.04
551-002-3610.000 RLF TIF Interest Rev	-564.69	-2,143.38	-409.98	-1,733.40
556-000-3696.000 Development Revenue	-53,439.63	-53,439.63	-95,599.98	42,160.35
557-000-3696.000 TFP Revenue	0.00	0.00	-4,999.98	4,999.98
<b>TOTAL INCOME</b>	<b>-352,397.89</b>	<b>-358,526.67</b>	<b>-474,329.94</b>	<b>115,803.27</b>
<b>EXPENSE</b>				
550-000-4110.000 Administrative Salaries	225.00	1,425.00	2,250.00	-825.00
550-000-4130.000 Legal	0.00	0.00	4,999.98	-4,999.98
550-000-4140.000 Staff Training	0.00	355.00	750.00	-395.00
550-000-4150.000 Travel	0.00	105.85	124.98	-19.13
550-000-4171.000 Auditing Fees	0.00	9,005.77	7,980.00	1,025.77
550-000-4172.000 Management Fees	13,564.16	81,384.96	81,384.96	0.00
550-000-4190.000 Other Administrative	0.00	54.65	100.02	-45.37
550-000-4500.000 TIF Expense	0.00	0.00	300.00	-300.00
550-000-4510.000 Insurance	0.00	2,748.00	2,900.00	-152.00
550-000-4540.000 Employer FICA	17.22	109.09	175.02	-65.93
550-000-4590.000 Other General Expense	0.00	0.00	13,002.00	-13,002.00
550-001-4600.000 CWC SCDP Expense	0.00	0.00	10,000.02	-10,000.02
556-000-4600.000 Development Expense	52,701.15	52,710.33	95,599.98	-42,889.65
557-000-4600.000 TFP Expense	1,061.00	1,238.12	4,999.98	-3,761.86
558-000-4600.000 HTF Expense	899.09	1,592.05	20,000.04	-18,407.99
<b>TOTAL EXPENSE</b>	<b>68,467.62</b>	<b>150,728.82</b>	<b>244,566.98</b>	<b>-93,838.16</b>
<b>NET INCOME(-) OR LOSS</b>	<b>-283,930.27</b>	<b>-207,797.85</b>	<b>-229,762.96</b>	<b>21,965.11</b>

**Crow Wing County HRA****June 2023****Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
994	6/15/2023	John Schommer	Mileage	\$ 4.59
25478	6/1/2023	A Finishing Touch Painters	Housing Trust Fund-OOR Funds	\$ 2,850.00
25484	6/1/2023	Crow Wing Contracting LLC	Housing Trust Fund-OOR Funds	\$ 15,005.00
25492	6/1/2023	Kennedy & Graven, Chartered	Housing Trust Fund-Legal	\$ 794.50
25495	6/1/2023	Miller Testing & Consulting LLC	Housing Trust Fund-OOR Funds	\$ 380.00
25501	6/15/2023	Atlas Abstract & Title	Housing Trust Fund-OOR O&E Report	\$ 100.00
25510	6/15/2023	Cygeneture Title Solutions LLC	Housing Trust Fund-DPA Funds	\$ 20,000.00
25518	6/15/2023	Kennedy & Graven, Chartered	Legal-Tax Forfiet Properties for Habitat	\$ 1,061.00
25520	6/15/2023	Master Trade Service Inc.	Housing Trust Fund-OOR Funds	\$ 19,000.00
<b>Total</b>				<b>\$ 59,195.09</b>

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Housing & Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: July 11<sup>th</sup>, 2023  
Re: Counselors of Real Estate - Transforming Neighborhoods Program

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Dolly Matter, the Executive Director of the Greater Lakes Association of Realtors applied for a grant through the National Association of Realtors for a program through the Counselors of Real Estate to have a team of experts come to our community to help move forward a problem statement for that community. Dolly was successful in securing the grant from NAR to have the consulting corps team come to the lakes area, currently scheduled for the week of August 6<sup>th</sup> – 11<sup>th</sup>. The program is called Transforming Neighborhoods and will look to address housing in the two communities of Brainerd and Pequot Lakes specifically and how to encourage development of housing that meets the needs of local workers in support of economic development priorities. The Consulting Corps will build on the work that has been undertaken and will not replicate or reproduce prior analyses and studies. This is a great opportunity to bring in professionals from around the country to offer advice and expertise on a problem that we continue to try and solve. I am working closely with Dolly as well as with both cities to create a list of stakeholders that the team will be reaching out to during the week that they are here. We anticipate that the team will have preliminary findings and suggestions for us at the end of the week that they are here. More information will be forthcoming. If there are any board members that would like to participate in these discussions, please let me know. If not, I will be reaching out to some of you for your inclusion in the community engagement interviews. Attached for your information is the agreement that the HRA, GLAR and the cities of Brainerd and Pequot Lakes have entered into along with information on the scope of work that will be undertaken.

**Action Requested: No action requested, for informational purposes only**

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## THE COUNSELORS OF REAL ESTATE®

May X, 2023

Dolly Matten

Association Executive, Greater Lakes Association of REALTORS®

[dolly@greaterlakesrealtors.com](mailto:dolly@greaterlakesrealtors.com)

Jennifer Bergman

City Administrator, City of Brainerd, Minnesota

[jbergman@ci.brainerd.mn.us](mailto:jbergman@ci.brainerd.mn.us)

Eric Charpentier

Executive Director, Crow Wing County HRA

[eric@brainerdhra.org](mailto:eric@brainerdhra.org)

Richard Spiczka

City Administrator, City of Brainerd, Minnesota

[rspiczka@pequotlakes-mn.gov](mailto:rspiczka@pequotlakes-mn.gov)

### RE: *Proposal for CRE Consulting Corps Services*

Dear Ms. Matten, Ms. Bergman, Mr. Charpentier and Mr. Spiczka:

Thank you for your interest in engaging the Counselors of Real Estate (CRE) Consulting Corps to provide strategic guidance that may assist the Cities of Brainerd and Pequot Lakes, Minnesota, in addressing the need for a variety of housing types and tenures, which will continue to support growth and economic development.

We appreciate the partnership with the National Association of REALTORS® (NAR), including NAR's role in inviting proposals for Consulting Corps assistance via the Transforming Neighborhoods Program. Following is our proposal describing the scope of services the Consulting Corps can provide.

### THE COUNSELORS OF REAL ESTATE AND CRE CONSULTING CORPS

The Counselors of Real Estate (CRE) is a Section 501(c)(6) nonprofit organization of commercial property professionals, including principals of prominent real estate, financial, legal and accounting firms, as well as developers, economists, futurists and leaders of Wall Street and academia.

Only 1,000 professionals worldwide hold the CRE (Counselor of Real Estate) credential. Counselors have created and endowed the MIT Center for Real Estate, resolved the dispute between the developer of the World Trade Center and its insurers post September 11, led the privatization of U.S. Army Housing, developed a multibillion dollar 10-year Master Plan for the Philadelphia Public Schools, and been retained by the Polish

government to revitalize that country's national railway system. Counselors also have valued both the Grand Canyon and Yale University.

CRE Members reside in 21 countries and U.S. territories, with chapters located throughout the United States, Canada, Europe, and Asia. Thought leadership is a widely recognized core competency of CRE, as exemplified by CRE's juried professional journal, Real Estate Issues, and presentation of major real estate symposia in partnership with Harvard and Stanford Universities.

The Consulting Corps, a public service program of CRE, provides municipalities, not-for-profit organizations, educational institutions, and government agencies with real estate analysis, strategies, and action plans that address their real estate dilemmas, often enhancing the performance of a property or portfolio. Each Consulting Corps engagement is conducted by a small group of well qualified volunteer members with expertise specific to the needs of the client.

## BACKGROUND INFORMATION

The City of Brainerd, Minnesota, has a population of approximately 14,250 (2021 Census estimate). Brainerd is the county seat of Crow Wing County, which has a population of approximately 67,900 (2022 Census estimate). Pequot Lakes, 22 miles north of Brainerd, has a population of approximately 2,400 (2021). Brainerd and Pequot Lakes are located in Central Minnesota, about 130 miles north of Minneapolis; the area is home to many lakes and outdoor activities, attracting seasonal residents and tourists, as well as offering employment in health, education, and retail/service/tourism.

County Crow Wing County, Minnesota, completed a housing study in March, 2020, titled *Crow Wing County Workforce Housing Study*, which examined demographics, employment, and housing supply and demand. The research included interviews and surveys of employers, developers, local leaders, and other stakeholders. Findings noted an aging housing stock, increasing jobs and population, and identified a need for housing priced affordably for working families. While employers indicated demand for increased housing options to meet the needs of their workers, contractors stated that costs exceed market prices. The study recommended offering purchase and development assistance, addressing regulatory and zoning barriers, and showcasing development opportunities to developers, among other recommendations.

Following the housing study, Crow Wing County created a Housing Trust Fund to assist with preservation and creation of mixed income and affordable housing, and the HRA has created programs focused on rehabilitation, purchase, and development. The City of Brainerd has worked to evaluate its zoning code, enable increased density, and identify underutilized properties which may present development or redevelopment opportunities. The City of Pequot Lakes has also identified underutilized property which may present development or redevelopment opportunities.

Insufficient supply of housing at a range of price points, particularly at a price affordable to local workers, remains a concern.

## STATEMENT OF PROBLEM

The Greater Lakes Association of REALTORS®, the City of Brainerd, and Crow Wing County would like the expertise and recommendations of the CRE Consulting Corps to identify action steps that may position the City of Brainerd, MN, to increase the supply of workforce housing which will support the needs of area residents, local businesses, and economic development opportunities.

Through the Transforming Neighborhoods Program, NAR is collaborating with the CRE Consulting Corps to deliver strategic real estate problem solving to select projects. NAR issued a call for applications and submitted these for review by the Consulting Corps. The Brainerd Lakes project, submitted by the Greater Lakes Association of REALTORS® in conjunction with Crow Wing County, the City of Brainerd, and the City of Pequot Lakes ("Clients"), was selected.

The Consulting Corps proposes the following scope of work.

## PROJECT SCOPE

The Consulting Corps team will conduct a thorough analysis, engage stakeholders, and propose actionable solutions (see Process, below) providing advice to address housing supply that meets local demand. Stakeholders include the Greater Lakes Association of REALTORS®, City of Brainerd, City of Pequot Lakes, Crow Wing County, Brainerd Lakes Economic Development, Brainerd Lakes Chamber of Commerce. The Consulting Corps' recommendations will consider and reflect the needs and priorities of the Clients, stakeholders, and community, as well as market realities and opportunities.

The primary objectives are to encourage development of housing that meets the needs of local workers in support of economic development priorities. The Consulting Corps will build on the work that has been undertaken and will not replicate or reproduce prior analyses and studies.

## SPECIFIC TASKS FOR THE CRE CONSULTING CORPS TEAM

- Obtain copies of current plans and land use studies applicable to the City of Brainerd and Pequot Lakes, Minnesota.
- Review demographic, market, and employment data, economic conditions, and feasibility for Brainerd, Pequot Lakes, and the surrounding region.
- Assess market conditions for housing and other property types.
- Conduct a site visit.
- Meet with key stakeholders, including Greater Lakes Association of Realtors® staff and leaders, elected and appointed leaders of City of Brainerd, City of Pequot Lakes, Economic Development Authority, Crow Wing County, Brainerd Lakes Chamber of Commerce and business representatives, community groups, developers, lenders.
- Review legal, economic, and market constraints.

## SPECIFIC DELIVERABLES

The Consulting Corps team will outline:

- Recommendations for reasonable and appropriate development scenarios/options (incorporating market fundamentals and constraints).
- Recommended action steps to encourage economic development and housing production (incorporating market fundamentals and constraints).
- General zoning parameters for the type and density of residential development for specific government-owned underutilized sites.
- Suggestions for resources/best practices related to planning and zoning and successful development models from other places.
- Priority incentives, investments, and financial programs that may encourage investment.
- Proposed criteria to guide in an effective review to evaluate and prioritize promising opportunities, as well as eliminate impractical options.
- Short- and long-term actions to implement the recommendations.

## PROCESS

The Consulting Corps will assemble a team of four or five Counselors from across the country with the appropriate background and expertise required to complete the assignment. The team will bring a wide range of experience with similar scenarios, including experience working with municipalities and developers, and expertise in *Planning, Residential/Mixed-use Development, Workforce/Affordable/Manufactured Housing, Highest and Best Use/Feasibility Analysis, Master Planning and Finance, Public/Private Partnerships, Municipal Incentives, Public Policy, and Land Use/Zoning/Entitlement Law*. Such qualified CRE members are readily available and pleased to volunteer their time, which permits this engagement to be completed at a significantly reduced fee.

Once assembled, the CRE Consulting Corps team will meet for three to five days in Brainerd/Pequot on dates agreeable to both parties. We anticipate the team leader will meet with key stakeholders, either in person or via teleconference, to coordinate collection and delivery of materials needed to prepare for the team's on-site visit. Upon arrival, the team will begin with a one-day orientation and tour of the area followed by two to four days of interviews, data collection, analysis, and evaluation. Stakeholder interviews and delivery of recommendations may be conducted virtually, if appropriate, in which case, the timeframe for report delivery may be revised.

The format and structure of the recommendations will be mutually agreed upon. In the event the team proposes to modify the Scope of Work and deliverables based on the onsite work, the team will obtain Clients' permission to do so. On the final day, or later by Zoom, an exit briefing summarizing the team's findings, conclusions, and recommendations will be held. During this briefing, the Consulting Corps team will respond to questions and comments from attendees. A written report detailing findings, conclusions, and recommendations presented will be submitted 45-60 days following the Consulting Corps team's oral presentation of findings. Client feedback on the engagement will be sought periodically following completion.

## RESPONSIBILITIES

### Clients' responsibilities include:

- Identify primary contacts who will facilitate communications with the Consulting Corps and other stakeholders.
- Expedite delivery of data requested by the Consulting Corps.
- Provide on-site briefing and tour.
- Introduce stakeholders to the project and process.
- Schedule meetings with relevant stakeholders.
- Obtain signed photography release forms and provide the release forms to CRE.
- Provide contact information for stakeholders if follow-up is needed.
- Provide space for team meetings and deliberations.
- Provide space for exit briefing and Q&A.
- Provide feedback on the experience, next steps, and outcomes, as requested by CRE.

### The Consulting Corps leadership and staff will:

- Select Consulting Corps volunteer team, based on expertise.
- Provide briefing materials, submitted by Clients, to each team member.
- Arrange pre-meeting information gathering.
- Coordinate travel logistics, including transportation and lodging.
- Schedule pre- and post-project briefings, conference calls, and meetings.

## COST OF SERVICES

The Counselors serving on a Consulting Corps team volunteer their time, allowing for delivery of services at a cost that is significantly below market rate. CRE charges a fee of \$40,000 which covers team travel expenses and organizational costs supporting the project and developing the final report. NAR will cover these costs through the Transforming Neighborhoods Program.

## ASSESSMENT AND POST-ENGAGEMENT ASSISTANCE

To provide the best services and to continuously improve the Consulting Corps program, CRE will contact key client representatives after the conclusion of the engagement to initiate a dialogue regarding the process and final product of the engagement.

The CRE requires team members, who are providing a voluntary service on its behalf, not use the engagement as an opportunity to solicit future business for their individual firms. However, should contractual advisory or implementation assistance be needed after the Consulting Corps engagement is complete, the CRE website hosts a "Find a CRE" search tool at <https://cre.org/find-a-cre-search/>.

## MEDIA CAPTURE AND PUBLICITY

CRE, at its own expense, may capture still photography and videography of the engagement. Clients consent to such photography and videography and will obtain release forms from its staff, members, and stakeholders included in the media capture, and provide the release forms to CRE. CRE will retain ownership of all images and footage.

CRE shall be permitted to issue press releases, publications, brochures and promotional materials in connection with performance of this Agreement. CRE agrees to submit any such press releases to Clients prior to distribution for review for the primary purpose of ensuring accuracy of the materials' descriptions and statements. CRE shall make any changes to the press release to correct any inaccuracies.

Clients shall be permitted to issue press releases, publications, brochures and promotional materials in connection with performance of this Agreement and all such materials shall name CRE and identify CRE's role related to the scope of work. Clients agree to submit any such press releases to CRE prior to distribution for review, and Clients shall make changes to the press release as requested by CRE.

## REPRESENTATIONS

Nothing in this Agreement shall be construed to mean that CRE and Clients are entering into a joint ventures or partnership, it being expressly understood and agreed that CRE, in performing its obligations under this Agreement, shall be deemed an independent contractor.

The parties represent and warrant that the undersigned representatives of Clients and CRE have the full right, power and authority to execute this Agreement on behalf of Clients and CRE.

## DISCLAIMERS OF WARRANTIES

CRE, on behalf of itself, the Consulting Corps, and the Consulting Corps team, hereby expressly disclaims, to the maximum extent permitted by law, all warranties with respect to any deliverables, products, reports, information, advice, or services rendered, whether express, implied, or statutory, including any such warranties and conditions of merchantability, satisfactory quality, fitness for a particular purpose, performance, accuracy, reliability and non-infringement. Communications (whether oral, written, or recorded) will be based on the individual personal judgments, findings and opinions of the Consulting Corps team members and will be provided in accordance with generally accepted industry standards in light of the limited scope of this engagement.

Clients, on behalf of itself, its officers, directors, employees and assigns, hereby acknowledge that there is no guarantee, representation, or assurance that any or all of the recommendations that may be made by the Consulting Corps team can or may be implemented successfully. Clients hereby waive any claims against CRE and the Consulting

Corps team that such reports or recommendations are deficient in any respect whatsoever. The parties agree that there are no third party beneficiaries of this proposal and subsequent agreement.

## INDEMNIFICATION

CRE shall defend, indemnify, and hold Clients harmless from and against any and all claims, demands, judgments, liability, damages, losses, costs and expenses, including, without limitation, reasonable attorneys' fees, arising out of or resulting from any claim or allegation arising from an act by CRE during its performance of this Agreement, including infringing an intellectual property right of any third party.

Clients agree to defend, indemnify, and hold CRE from and against any and all claims, demands, judgments, liability, damages, losses, costs and expenses, including, without limitation, reasonable attorneys' fees, arising out of or resulting from any claim or allegation arising from an act by Clients during its performance of this Agreement, including infringing an intellectual property right of any third party.

The indemnified party will retain the option to select counsel and direct the defense of the indemnified claim, action or suit. Regardless of counsel selected by the indemnified party, the indemnified party's costs and expenses arising out of the defense, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder.

## NEXT STEPS

Please return one signed copy of this agreement.

The signed agreement should be sent to Samantha DeKoven, Counselors of Real Estate, 430 North Michigan Avenue, Chicago, IL 60611 (phone 312-329-8431; email [sdekoven@cre.org](mailto:sdekoven@cre.org)).

Thank you for the opportunity to submit this proposal and we look forward to your acceptance as well as our forthcoming opportunity to work together on this most interesting assignment. We are confident this partnership will provide strategic development advice that will assist you in achieving your objectives. As previously communicated, maximizing immediate and long-term benefits to you and the community is our primary focus.

Sincerely,



Keenan Hughes, CRE  
2023 Chair  
CRE Consulting Corps Steering Committee



**Agreement between Greater Lakes Association of REALTORS®, the City of Brainerd, the City of Pequot Lakes, Crow Wing County, and The Counselors of Real Estate Consulting Corps**

IN WITNESS WHEREOF, the parties accept and agree to be bound by the terms of the proposal set forth above.

**The Counselors of Real Estate**

Mary Walker Fleischmann  
President and Chief Executive Officer

Date: \_\_\_\_\_

**City of Brainerd**

 *Jennifer Bergman*  
By: Jennifer Bergman  
Its: Brainerd City Administrator  
Date: 06/12/23

**Crow Wing County HRA**

 *Eric Chapentier*  
By: Eric Chapentier  
Its: Executive Director  
Date: 06/20/23

**Greater Lakes Assoc. of REALTORS®**

 *Theresa Bilben* 06/19/23  *Dolly Matten*

By: Theresa Bilben Dolly Matten  
Its: 2023 President

Date: 05/23/23 06/19/23

**City of Pequot Lakes**

 *Richard Spiczka*  
By: Richard Spiczka  
Its: Pequot Lakes City Administrator  
Date: 06/08/23

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Housing & Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: July 11<sup>th</sup>, 2023  
Re: Executive Director Report

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**Redevelopment of Former Thrifty White:**

The Brainerd HRA along with the City of Brainerd continue to move forward with a potential redevelopment TIF district to aid in the redevelopment project at the corner of 8<sup>th</sup> and Laurel streets in Brainerd. The City council will hold a public hearing regarding this potential TIF district on July 17<sup>th</sup>. If the council is in support of the district, we will then be discussing this opportunity in front of the Brainerd HRA at our regularly scheduled meeting on Wednesday July 26<sup>th</sup>. The developer is looking for the creation of the redevelopment district now to aid in their applications for state funding for this project as well as for the overall financing needs for the project to move forward. Some of those applications are due in August of this year for projects scheduled in 2024.

**Budget Workshop Meeting:**

As we discussed in June, staff would like to hold a special budget meeting towards the end of July to discuss our levy request for 2024, specifically if and how much to request for the CWC Housing Trust Fund. After polling the commissioners, the date has been set for Tuesday July 25<sup>th</sup>. As has been the case in previous years staff will put together 3 options to be discussed with the intention of passing a budget at this meeting. If the board would like to give staff some feedback on what they would like to see in the budget options, that would be helpful as we prepare for the budget meeting.

**Action Requested: No action requested, for informational purposes only**

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Housing & Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: July 11<sup>th</sup>, 2023  
Re: Housing Trust Fund Report

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We continue to receive applications for our down payment assistance program as well as our rehab programs since our last meeting. We have had 2 requests for down payment assistance, 2 requests for rental rehab along with a number of inquiries for owner occupied rehab as well. We have also had 3 new lenders inquire about our down payment assistance program. We have informed all of these potential borrowers, applicants or partners that we have currently exhausted our funding with loans or loan commitments. We have urged everyone to reach out to their County commissioner if they would like to see these programs continue into the future.

I have been in contact with both the developer and the primary financing bank in relation to the development loan that was approved in June. The lead bank was waiting title work and then will proceed to loan closing once that has come back. The bank is anticipating a mid-July closing. Once that financing has been closed and confirmed we will start putting together our loan documents for our approved loan. I would anticipate sometime in August that we will have our closing set up for that project.

**Action Requested: No action requested, for informational purposes only.**

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Housing &amp; Redevelopment Authority

To: Crow Wing County HRA Board Members  
 From: John Schommer, Rehab & Maintenance Director  
 Date: July 5, 2023  
 Re: Rehab Programs Report

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**SE Brainerd SCDP Preliminary Proposal**

The application for 8 units of owner-occupied rehab and 12 units of single-family rental rehab was submitted prior to the May 1<sup>st</sup> deadline. We should find out sometime around July if our application is funded.

**Brainerd Oaks/Serene Pines/Dalmar Estates**

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	66	62	0	2
Serene Pines	24**	21	18	0	1
Dalmar Estates	7	4	3	0	0

*\*Originally 83 lots, 2 have been merged/combined into a single parcel*

*\*\*Originally 23 lots, 1 was added*

**Action Requested: None, discussion items.**

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July 6<sup>th</sup>, 2023**2. CURRENT PROJECTS IN PROCESS**

	HTF	MHFA	SCDP	Total
County of Crow Wing	8	5	7	20

**3. GARRISON SMALL CITIES – (2 Commercial Rehab / 5 Owner-Occupied)**

	App. Request	App. Review	Inspection Scheduled	Work Writeup/ Review	Out for Bid	Prebid Meeting	Closing Loan Scheduled	Under Constr.	Complete
CML.				1				1	
OOR.								1	1

**4. JENKINS SMALL CITIES – (5 Owner Occupied Rehab)**

	App. Request	App. Review	Inspection Scheduled	Work Writeup/ Review	Out for Bid	Prebid Meeting	Closing Loan Scheduled	Under Constr.	Complete
OOR.				2				1	1

**5. HOUSING TRUST FUND**

	App. Request	App. For Review	Inspection Scheduled	Work Writeup/ Review	Out for Bid	Prebid Meeting	Closing Loan Scheduled	Under Constr.	Complete
DPA.			N/A	N/A	N/A	N/A	1-July 20th	N/A	7
OOR.					1	1		3	4
COM							1-TBD		

**6. MINNESOTA HOUSING IN CROW WING COUNTY**

	App. Request	App. Review	Inspection Scheduled	Work Writeup/ Review	Prebid Mtg.	Out for Bid	Closing Loan Scheduled	Under Constr.	Complete
OOR.		1		1				3	1

**8. COMPLETED OWNER-OCCUPIED REHAB. PROJECTS IN CROW WING COUNTY**

	HTF	MHFA	SCDP	Total
January – December 2022	1	4	3	8
January – December 2023	1	1		2
<b>Total</b>				<b>10</b>

\*City of Emily SCDP Grant was closed in 2022 w/ 5 Owner-Occupied Projects completed

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# 2023 CWC HRA BLAEDC/CREDI

## STAFF TIME- June

Attachment 7



Date Range: 6/1/2023 - 6/30/2023

Project	Task	Date	Comment	Hours	Amount
<b>Crow Wing County HRA</b>					
<b>CWC HRA-Redev</b>	<b>Redevelopment Projects</b>				
E-mail	E-mail Correspondence			17.00	\$2,550.00
6/6/2023	phone communication with Florida development group regarding Pequot Lakes multi family housing project and funding sources to assist project. Firm also requesting information regarding possible infrastructure assistance.			17.00	\$2,550.00
6/7/2023	email correspondence with state of MN officials regarding program assistance for new business start up in Brainerd/Baxter. Individual is looking for financial assistance for new business in Crow Wing County. Individual is looking at existing property and building for redevelopment opportunities.			1.50	\$225.00
6/9/2023	email correspondence with owner of Jenkins property that has been purchased and being redeveloped for new child care and adult care facility. All inspections have been completed and building is up to code. Owner still looking for additional funding sources to be able to open. Crow Wing County grant funds will assist.			2.00	\$300.00
6/12/2023	email correspondence and review of property listing of Crosslake properties that are available for redevelopment. City EDC is looking for opportunities to market available property for redevelopment. BLAEDC staff have assisted this process and will look for ways to market available property.			1.50	\$225.00
6/14/2023	email communication and phone call with state representative regarding developer meeting. provided details of properties and industrial park information.			2.00	\$300.00
6/15/2023	email communication and virtual meeting with development team to discuss next steps in securing funding for infrastructure to develop both single family and multi-family housing in Nisswa.			2.50	\$375.00
6/20/2023	email correspondence and virtual meeting with developer and team regarding Brainerd project for housing opportunities. Developer has reached out to BLAEDC staff to determine the type of property available and incentives that are in place. Discussed SAC/WAC waiving, permit waiving and housing trust fund as potential opportunities to address housing issues in the city.			2.00	\$300.00
6/22/2023	email correspondence with redevelopment project owner in Brainerd. Owner is looking at additional funding sources to be able to justify completion of project. Provided updated local and state funding options to owner to complete project.			1.50	\$225.00
6/28/2023	email correspondence and phone calls with city of Nisswa staff regarding funding options for new single family home development project. City is looking for assistance with infrastructure to make project affordable for development.			2.50	\$375.00

Mtgs	Meetings		48.50	\$7,275.00
6/1/2023	Meeting with developer/business owner and commercial real estate group to discuss available commercial property in Baxter and Brainerd for sale to bring new business concept to the area. Business owner already has business in the area and this would be a new business that would bring new employees to the region. Owner would like existing property for redevelopment.		48.50	\$7,275.00
6/2/2023	Meeting with real estate agent and owner of commercial lots in Baxter that are ready for sale for single family or multi-family housing opportunities. Reviewed property with owners and will bring opportunities to developers and building to discuss options for housing.		3.50	\$525.00
6/5/2023	Meeting with county staff regarding childcare grant and locations of grant applicants. Informed staff that 4 of the applicants are redeveloping property for new childcare centers in Crow Wing County. Staff attended meeting in Pequot Lakes to discuss housing and commercial redevelopment. BLAEDC is working on commercial property listing for city to market vacant space.		2.00	\$300.00
6/7/2023	Meeting w/HRA ED and county commissioner and county administrator to discuss housing trust fund and development projects that are in the works to tap in to resources and funds available. Meeting with property owner regarding available property that is listed for housing development. BLAEDC to work with owner to market property.		5.50	\$825.00
6/8/2023	BLAEDC staff meeting with local employer regarding purchase of new building in Brainerd industrial park for redevelopment and expansion of existing business. Owner is adding new line of work and needs additional space for expansion. Owner is also looking at funding opportunities at the state level to assist growth.		4.50	\$675.00
6/12/2023	BLAEDC staff attending housing meetings and discussions with Central Lakes College as they work to address housing shortages for students and to determine next steps. Staff have been working side by side with the college to identify next steps in this process and will work with them to determine if development is needed.		2.50	\$375.00
6/13/2023	Daylong development meetings and tours with development team from Florida. Toured the existing development in Baxter and toured the property in Pequot Lakes for the new multi-family housing that is being built in that city. Participated in the CWC HRA monthly meeting to provide input to the board regarding the request for funding from the development group from the housing trust fund. Also presented monthly report to the board.		6.00	\$900.00
6/15/2023	BLAEDC staff meeting with DEED representative and developer regarding multiple projects in Brainerd. Developer is looking at both vacant industrial park property as well as existing commercial property in Brainerd to bring his new business to the area and create jobs. Developer wanted DEED rep in the meeting to discuss funding options and loan options that are available at the state to assist his business and development plans.		3.50	\$525.00

6/19/2023	Staff participating in meetings in both Brainerd and Crosslake. Brainerd meeting was to discuss plans regarding the redevelopment of property with the YMCA for redevelopment. Crosslake meeting was with city and EDA staff to discuss available properties and how to market them for redevelopment. Staff time to present and provide a listing of available properties.	5.00	\$750.00
6/20/2023	BLAEDC staff time to prepare reports and present at Pequot Lakes EDC meeting. Staff are working with city staff to compile a list of commercial property for redevelopment. 2 primary commercial properties have just hit the market in the city and BLAEDC will work to list properties and market them for redevelopment. Meeting also involved an update from staff and city staff regarding the progress of the multi-family housing project.	3.50	\$525.00
6/21/2023	BLAEDC staff toured new redevelopment properties in Crosby, also attended and provided updates on projects in the Cuyuna lakes area to the CREDI board members. We received updates from Crosby city administrator on housing discussions from a developer that BLAEDC sent to them. The city has a building that staff toured that is available for redevelopment, BLAEDC will work with city staff to determine best path for marketing.	4.00	\$600.00
6/27/2023	BLAEDC staff involved in development meeting with local Pequot Lakes developer and EDC members and city staff in Pequot. Developer is looking for assistance from city for road and infrastructure to new Pequot single family home development. City wants to determine options that are available to possibly waive some fees and determine if state assistance is available to developer. Development will include 10 single family homes in Pequot Lakes.	3.00	\$450.00
6/30/2023	BLAEDC staff meetings with city of Nisswa city administrator and mayor regarding new development inside city limits to discuss housing opportunities, review need for infrastructure assistance and discuss funding options for city. Staff also want to review vacant buildings for redevelopment opportunities and how to market property.	3.00	\$450.00
		65.50	\$9,825.00
		65.50	\$9,825.00
		65.50	\$9,825.00

Staff time and notes listed above have been reviewed and approved by BLAEDC Executive Director Tyler Glynn, upon submittal of this report.



Tyler Glynn  
BLAEDC Executive Director

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