

**City of West St. Paul  
Economic Development Authority Work Session Minutes  
February 8, 2021**

**1. Call to Order**

President Napier called the meeting to order at 5:00 p.m.

**2. Roll Call**

Present: President Dave Napier  
Commissioners Wendy Berry, Julie Eastman, Lisa Eng-Sarne,  
Robyn Gulley, John Justen, and Dick Vitelli

Absent: None

Also Present: City Manager Ryan Schroeder  
City Attorney Kori Land  
Police Chief Brian Sturgeon  
Community Development & Executive Director Jim Hartshorn  
Finance Director Char Stark  
City Clerk/EDA Secretary Shirley Buecksler

Dave Pattenburg, President - Centra Homes

**3. Approve Agenda**

Motion was made by Commissioner Vitelli and seconded by Commissioner Eng-Sarne to approve the agenda, as presented.

Vote: 7 ayes / 0 nays. Motion carried.

**4. Agenda Items**

**A. Crawford Drive – EDA Property Purchase Offer Discussion**

Last spring, Executive Director Hartshorn said the EDA purchased the remaining 1.5 acres of vacant property located along Crawford Drive from Sherman Associates for \$370,000. The intent was to sell the land to a town home developer and complete the town home project that was started several years ago. The attached map shows the area where 16 additional town homes would be located.

In 2020, Dakota County purchased a 30-foot easement area on the north end of the property (attached map) for the River-to-River trail construction for \$125,000. The County is also using some of the north end property for a staging area for the trail and tunnel project, which will last throughout 2021.

Last August, the EDA entered into a Permanent Ingress and Egress Easement with the current Home Owners Association (HOA) allowing a new developer access to finish the town home project. The HOA has also agreed to allow the new development to join their associated.

Staff reached out to several developers, but only one made an offer for the property. David Pattenburg, President of Centra Homes, offered \$320,000 (\$20,000 per lot multiplied by 16 lots).

In addition to purchasing the property and constructing new town homes, the developer would also:

- Repair retaining walls
- Install remaining perimeter fencing per development plans
- Repair damaged curb on the private roads
- Install final lift of asphalt on the private roads
- Complete landscaping for the neighborhood (irrigation, sod and trees)
- Estimate of additional work is \$200,000

The estimated market value of 16 new town homes would total approximately \$5 million. The new estimated annual tax base is \$60,000. There were no public subsidies requested.

Options Include:

- 1) Sell the property to Crawford Homes for \$320,000.
- 2) Hold the property for another year until the Hy-Vee and trail projects are completed and possibly sell for a higher amount. This assumes that townhomes located next to a Hy-Vee store and bike trail would have a higher market value.

If the Board chooses to go with the first option, Hartshorn said Staff will bring back a formal Purchase Agreement and schedule a Public Hearing for February 22, 2021.

Commissioner Vitelli asked if the townhomes crossed out in red are not going in? Hartshorn confirmed they are not going in because this is the County's easement for the trail.

Hartshorn introduced Dave Pattenburg, President of Centra Homes, a local home builder based out of the Twin Cities.

Mr. Pattenburg answered questions from the Commission. He said Centra Homes has done a number of subdivisions similar to this where they have partnered with Cities. He provided some exhibits of what their product will look like.

President Napier said the value will go up with it being on the regional trail. With Hy-Vee coming in, Mr. Pattenburg said they expect more traffic and, therefore, values are changing. The trail is a really nice amenity, he said.

Commissioner Vitelli asked if the concept drawings in the Commission's packet are location only or is it a proposed building? Mr. Pattenburg said these are proposed buildings but don't take into account the layout of the land. It is the same architect who designed the present buildings, so the new buildings will be quite similar. Commissioner Vitelli said he would like the exterior to match the existing buildings. Mr. Pattenburg said they will match the single level building that is currently there. The other building is a back-to-back unit and, ultimately, they will be quite similar. President Napier said he appreciates the contrasting colors of the units.

Mr. Pattenburg said there will be three separate buildings. One building is a single level walk-out facing to the east, the second building is on a flat lot, and the third building with the garage on the basement level.

Commissioner Vitelli asked for more information about Centra Homes. Mr. Pattenburg said Centra Homes is a locally owned company based out of the north metro. He provided examples of homes that they have built in other communities, including Coon Rapids and Ramsey. Last year, they constructed about 130 homes and are on pace to build about 150 homes this year. The exteriors of the Crawford Drive development will essentially match the exterior of the existing buildings but those existing buildings are 15 years old. The exterior finishes and such should match. They would like to work with the City and the current homeowners to join the existing homeowners association, rather than start a new one. As part of that, we need their approval to join and will have a conversation with the neighbors.

Hartshorn told the Board that the decision is whether to sell the property now or hold it for another year until Hy-Vee is completed. He has reached out to seven developers and received only one bid. If the Board chooses to sell, we will come back on February 22<sup>nd</sup> with a Purchase Agreement at a Public Hearing.

Commissioner Vitelli asked if \$20,000 per lot was cheap. Hartshorn said he spoke with Ehlers and they thought this was a good deal for this property. It is about a C+ type of project and the reason why is because you can't build a lot of townhomes on this property. Other developers didn't have much interest on it.

Commissioner Justen doesn't think property values will drop with the addition of Hy-Vee and would actually expect values to go up when Hy-Vee and the greenway are completed. He thinks this is a low offer with the many amenities nearby. He agrees that \$20,000 seems low and we could be selling ourselves short by taking the first offer.

Commissioner Eastman asked if Crawford Drive will continue the way it is now and drive all the way around? What will be north of the trail in that area? Hartshorn said vehicles will be able to cross and go into Hy-Vee's parking lot.

Commissioner Eng-Sarne said a Star Tribune article six days ago that mentioned Hy-Vee projects but West St. Paul was not mentioned. Hartshorn said the latest, as of December, is that they are still planning to build in West St. Paul. City Manager Schroeder said Hy-Vee has a long-standing policy that they do not announce what they're doing before they actually do it. If there was an article that says they're building in another city, they have probably pulled the building permits for those. They submitted for demolition permit here for the AutoZone property but we do not have the building permit, yet. Hartshorn said they have put a lot of money into the site already with the purchase of the property and the demolition permit and are working on the site.

Commissioner Berry asked to clarify that Ehlers gave this a C on the grade scale? Hartshorn said they thought it's not unreasonable to sell if for \$20,000. Commissioner Berry asked what would be considered an A? Hartshorn said probably \$40,000 but you also have to consider what the developer needs to do to the site. When you consider the product afterwards, the property valuation, and no TIF going into it, a bigger developer would come in and more than likely want TIF.

President Napier asked about the timeline. Mr. Pattenburg said they would start in 2021 and will be in for the permit as quick as they can.

Commissioner Justen asked of the seven developers Hartshorn reached out to, how many were small scale? Hartshorn said he reached out to about three of the smaller developers who do townhome developments and the others were larger who tend to do larger scale projects.

Commissioner Vitelli asked Mr. Pattenburg what his market value is or how much they plan to sell them for? Mr. Pattenburg said the two and three-story buildings would be upper \$200,000's and the rambler look-outs would be low \$300,000's.

Commissioner Gulley agreed with Commissioner Justen that this property won't become less valuable as we build out the bike trail. She wants more to convince her that we should sell right now at \$20,000 per lot. She thinks that seems low and that it will go up, especially with the grocery store and the trail. Commissioner Vitelli agreed and said \$20,000 is not enough. Commissioner Justen agreed.

President Napier said he is thinking the opposite, with the challenges of the site and that no one else was interested. This will generate tax revenue in a year and a half for our city that we would not otherwise have. He said this will be a missed opportunity if we do not move forward. The land has been there a long time and no one has pushed to develop it.

Commissioner Justen commented that Sherman had done nothing on the property and it just sat vacant. Mr. Pattenburg said he has a lot of background on the property. Centra Homes was under contract with Sherman Associates when that deal broke up. Even though the number is \$20,000 per unit, there is \$200,000 of additional work that

needs to get done. We are factoring that into that price. So it's \$320,000 plus \$200,000 that we are looking to put into it. If that \$200,000 doesn't get in, if we don't install the lift, the retaining walls, the fences, fix the curb, it may never get done. We think that should get done by whoever develops it. That's part of the conversation. The other part is that the architectural plans are done, which is about \$50,000 of architectural design work that has already been paid. Another developer would need to either design new buildings or buy those plans from Centra Homes to make that happen. It's a unique property with unique challenges and he feels that they are not offering a low price but will respect the difference of opinions.

Commissioner Eng-Sarne said what is being presented here fits the Renaissance Plan and what we want on this site and already existing on this site. She worries that we may be waiting a long time for something that won't be much different than this, anyway.

Commissioner Vitelli asked if the sewer and water is stubbed in? Mr. Pattenburg said yes, they're ready to go, as well as the drive behind. It's in but the final lift of the street is not in. Some work needs to be done to the street and curb damage. This final lift has been on hold for 15 years, so there is some additional damage there.

Commissioner Vitelli said he would like to see a higher offer and agrees with Commissioner Justen that Hy-Vee will be an asset, along with the bike/walking path and the golf course to the east will be improved in the future to a nature type area.

Mr. Pattenburg said you don't see a lot of row townhomes in this market. 50% of units used to be attached product and now it's down to only 10-15%. You don't see it except in A+ locations, which is good traffic, schools, shopping and amenities.

President Napier said this property is not on the tax rolls right now and, financially, it works. By doing this, it will increase the property value. He thinks it makes sense to do this while the opportunity is here or it could be vacant for another 15 years. This is an opportunity to keep our Renaissance Plan and our development going and puts residents right on the regional trail and may create more development for Phase II on Oakdale/Thompson Oaks golf course. We need to provide some direction.

Commissioner Gulley asked why this would be considered a good offer? Mr. Pattenburg said not many people build row townhomes. There is a constraint with obtaining insurance to build row townhomes. There are some developers who won't do it due to the legal liability with the homeowner's association. Some people, particularly the company that owned this before the City did, made a high level decision that they would not do any more for sale residential attached product and they got out of this type of build, across the nation, because of the legal liability. It's a unique challenge, but the market also has challenges. Construction costs have gone up and has made challenges for product that is a little more affordable. Between the Energy Code, Building Code, and fire sprinklers, row townhomes now cost more on a sticks and

bricks basis than a detached house. Also, people will pay more for a detached house than an attached townhome.

Commissioner Gulley asked why Centra Homes wants to build row townhomes here? What are the comps? Mr. Pattenburg said it's the price; he can't develop land for \$32,000 per lot. If someone came in today and wanted to redevelop this property, it would cost more than \$32,000 per lot. We think we can hit the price point and we're likely getting this land for below "replacement costs." If it was a raw corner, I don't think I would be here, he said.

Commissioner Gulley asked Mr. Pattenburg about comps. Mr. Pattenburg said the comps include \$26,000 per lot in the north metro and \$30,000 per lot in Woodbury. They're not entirely comparable because they're not close enough, but it's an idea of what they're going for. In Ramsey, we are into the lots at \$26,000 finished. Here, we will be into the lots at \$32,000 finished. \$20,000 for the lot and another \$12,000 for completing the roads.

Commissioner Vitelli asked who would be responsible to put the final lift on the street? Schroeder said it is a private street, so they take care of it and plow it, but the City plows Crawford Drive. They just put the lift on Crawford Drive on the north side, which is what was missing. Mr. Pattenburg said Staff is correct, it's the private streets that he has been referring to that have the damaged curb and the final lift not installed. The public streets are done. Commissioner Vitelli asked if the existing townhome association would share in that cost? Mr. Pattenburg said that would be one interpretation but they did not take that interpretation. That's back when they were under contract with Sherman.

Mr. Pattenburg said this is their best offer after their first offer was turned down by Executive Director Hartshorn. Schroeder said we originally thought we would get \$30,000 per unit, considering that there would be \$50,000 of upgrade to the infrastructure.

Commissioner Eng-Sarne said this is a good opportunity and we may end up with the same result. This is a local company with a lot of good online reviews.

President Napier said it will bring in tax dollars and we will generate \$75,000 back out of the whole project, along with getting an easement for the trail, getting Crawford Drive finished, helping the residents living there currently with increased property value, and the whole area becomes more an attractive piece of our community.

Commissioner Justen said one concern is that, when it gets to the Planning Commission and Environmental Committee, anything they propose or require may be at the limit for what the developer can afford. President Napier said this is irrelevant to this Commission and the gamble the developer takes as they get through the Planning Commission.

Commissioner Vitelli asked about interior finishes. Mr. Pattenburg said they offer different options and will be use granite countertops, maple cabinets, and luxury vinyl.

Commissioner Justen asked Mr. Pattenburg if he sees that any other additional costs would blow this up or if they are that tight on the money. Mr. Pattenburg said they have history with this site, have met with Staff when it was the Sherman property, and believe they understand it well and have tried to do their homework. The site is platted, so we would just be bringing in building permits. We have estimated that but don't expect a whole lot because there is not a platting process.

Commissioner Justen said he is comfortable with this offer now. Commissioners Gulley and Berry agreed and said they are on board. They both thanked Mr. Pattenburg for answering all of their questions.

Hartshorn said he will bring a Purchase Agreement to a Public Hearing in two weeks.

## **B. NeighborWorks Housing Rehab Program Expansion**

On March 23, 2020, Hartshorn said the EDA approved a new Home Improvement Loan Program. The program was designed to assist home owners maintaining and improving their properties by offering below-market rate financing. The program is administered by the NeighborWorks Home Partnership (NWHP). The minimum loan amount is \$5,000 and the max is \$15,000. The loans are below-market rate determined by NWHP. Only owner-occupied single-family detached homes are eligible. There were no loans processed in 2020. See attached Program Guidelines for more details.

Eligible properties include all properties located in WSP, specifically in the project area is south of Annapolis Street, north of Butler Avenue, east of Robert Street and West of Waterloo Avenue.

Other housing programs available to West St. Paul include:

- Community Development Block Grant (CBDG) – Federal Program that is administered through the Dakota County Community Development Agency (CDA)
- Housing Replacement Program
- Dakota County Home Improvement Loans and Property Fix-Up Program
- Dakota County Tax Forfeiture Development Program (TFDP)
- Property Recognition Program
- Code Enforcement
- Rental Licensing Program
- DARTS – Outdoor Chore Service and Home Repairs
- Habitat for Humanity – A Brush with Kindness Program

The Board requested Staff to bring the program back for review after one year to review possible changes for the 2021.

Some possible changes could include:

- 1) Adding to the program boundaries, to include west of Robert Street, north of Butler Avenue to Annapolis and west to Delaware Avenue. Basically, any single family home north of Butler Avenue.
- 2) Changing the maximum loan amount from \$15,000 to \$25,000 (?)

President Napier said the key to this program is perhaps not raising it, but marketing it. We need to get it out to the community, which could be done through postcards or other means. Schroeder said we want to put it in the newsletter to every home. This is an important discussion, and we are recommending you have the entire area north of Butler included in the district. President Napier asked if we have the funding set aside, and Schroeder said yes.

Commissioner Berry asked if there has been any feedback from NeighborWorks? Hartshorn said they asked about marketing. We have had it in the newsletters and on the website. When the newsletter goes out, we will highlight the program with a narrative rather than listing bullet points. It's also about widening the program and offering it to more citizens.

President Napier said rather than expanding the dollar amount, we would like to reach more people.

Commissioner Justen said when this came up the first time it was too geographically limited. We want to use this \$50,000. He doesn't want to raise the cap but wants to widen it and to go north across Butler.

Commissioner Eng-Sarne said NeighborWorks wanted us to increase the amount to make it worthwhile. We thought we could reach more people with smaller grants. She would entertain increasing the amount and the geographical location.

Commissioner Eastman asked Hartshorn how NeighborWorks is doing in the other cities? Hartshorn said we think all cities are down.

Commissioner Justen said he has a concern over expanding the amount and wants to see more impact geographically. Commissioner Eng-Sarne withdrew her comment of increasing the amount.

President Napier said this could be an offer provided through Code Enforcement.

Commissioner Gulley said we should include a small narrative through Code Enforcement on how to apply.

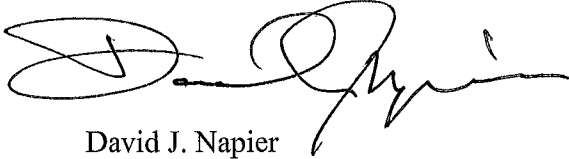
Commissioner Justen asked if there is any easy way to find this on the City's website. Hartshorn said he will look into it and be sure that it is easy to find.



**5. Adjourn**

Motion was made by Commissioner Justen and seconded by Commissioner Berry to adjourn the meeting at 5:53 p.m.

All members present voted aye. Motion carried.

A handwritten signature in black ink, appearing to read 'David J. Napier', written in a cursive style.

David J. Napier  
President  
City of West St. Paul