

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Regular Meeting/Work Session – July 28, 2008

Pursuant to due call and notice, a regular meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, July 28, 2008, at 5:30 p.m. in the Conference Room of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Markeson, Hellquist, Johnson, Erickson, Downs, Meuers.

Staff Present: City Attorney Alan Felix, Community Development Director Rita Albrecht, City Engineer Craig Gray, City Clerk Kay Murphy

Other Present: Tim Flathers, HRDC; Brian Grund, Freeberg & Grund; Mel Milender, GBJPB

Motion by Johnson, seconded by Hellquist, amending the agenda to remove the WSN interim site development contract. Motion carried unanimously.

Mayor Lehmann stated that the purpose of the work session was to discuss the HHDC Rako Property.

Downs stated that he had a number of concerns regarding the sale of the Rako property to HHDC. He would like to see the property to be developed for higher income property and does not like the small lots. He recommended that the Council proceed carefully. He stated that there are opportunities at the North Lake Irving property.

Flathers stated that the HHDC is interested in helping the City achieve its vision of redeveloping the Rako Street site into mixed income residential subdivision. In order to do that a partnership between the City and the HHDC will be needed. He stated to keep the cost of the houses affordable for working families; HHDC will need to keep the total development cost of the home at \$155,000 or less. There are likely several options that could be considered to make this project work.

Council discussed the following:

- Lot size concerns. Some Council members felt that the lots were too small.
- Concept of uniform looking houses, concerned about the houses having a “cookie cutter” appearance. Flathers stated that HHDC is paying more attention to quality and curb appeal of the homes.
- Develop common areas, sidewalks for walkability and build homes with front porches.
- Goal providing affordable housing; mixed residential.
- Cost of heating a larger home is going to be less affordable in the future. Energy savings relating to green design, high standards for energy efficiency, retaining water on site. Host of a number of things.
- Houses built will be homeowner occupied.
- Drainage ditch concerns from a safety standpoint.
- Consider relocating the police shooting range.
- Goal of the City is to create taxable property from nontaxable property.
- Discussed redeveloping existing neighborhoods near downtown.

Grund stated that he did the original topography for Christiansen, however, Christiansen has stopped any development at this time because of the housing market has slowed down.

Felix shared a letter dated July 21, 2008, from Michael Christiansen was received regarding his interest in providing a proposal for the Rako property.

Discussion continued regarding the Rako site appraisal. Felix stated that the appraisal as of 2006 for the property was \$325,000. Felix stated that staff has been cleaning up the property and there has been an environmental assessment done a number of years ago. The purpose is to get it ready for redevelopment in general.

City Engineer Gray asked what type of assistance will be required from the City.

Flathers responded that the HHDC will need a loan from the City's UDAG funds to support the development of infrastructure and the terms would be similar to those used for the Lincoln South neighborhood.

Hellquist asked if the owners would have to meet income guidelines. Flathers stated that it would be a mixed income neighborhood and the smaller lots would be used for income eligible.

Discussion continued regarding the housing market. Flathers stated that they are doing well with the houses that they are building. The HHDC does what it can to keep costs down by managing cost and find back end gap financing for potential buyers. He indicated that the market study for the area indicates that the city requires about 60 new housing units a year.

Downs asked why the HHDC is not considering this type of housing in North Lake Irving area. Flathers responded that they are looking at other areas.

Flathers stated the homes they build would not be restricted to first-time homebuyers. It is easier to sell a home to a first time homebuyer.

Flathers would like to know if the Council is interested in the partnership. If this is a partnership, the Council could develop the plans and include covenants. He stated that the lot size standards are required by Greater Minnesota Housing Fund.

Erickson stated that the Council needs to keep in mind that whatever the Council asks more of in turn could result in a smaller house to keep the house affordable.

Flathers stated that they have an interest in applying to Minnesota Housing for loan funds to purchase the property and allow loans at zero percent interest. In order to access those funds, an agreement would be needed with the City to purchase the property for \$200,000 and needs to be submitted by the end of August.

Felix made the observation that HHDC has been "hamstrung" with trying to discuss the proposal with Christiansen.

Melinder, GBJPB, commented that the basic lot size in the urban centers is 60 ft x 100 ft (6,000 sq ft). This makes the assumption that the infrastructure is being maximized.

Motion by Meuers, seconded by Erickson, directing City staff to work with the HHDC to come up with a proposal for Council's consideration for the Rako property in order to make the August 29 deadline. Motion carried with the following vote: Markeson, Erickson, Meuers, Lehmann, Johnson. Nays: Hellquist, Downs.

ADJOURN

There being no further business, motion by Meuers, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 6:45 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk