CALL TO ORDER (5:30 P.M.)

AGENDA APPROVAL with any additions or corrections:
1. Approve 5/10/2018 agenda

CONSENT AGENDA:
1. Approve minutes for 04/09/18 GEDA Meeting
2. EDA Fund Balances —
   I. EDA General Money Market Fund $ 15,240.88
   II. Sign & Awning Account Balance $ 4,107.66
   III. EDA Down Payment Assistance Program Funds $ 16,629.08
   IV. Commercial Rehabilitation Loan Program Funds $ XXXXX
       Total: $ 35,977.62

MONTHLY REPORTS/UPDATES:
1. Council liaisons
   a. Homme
   b. Klein
2. Staff Reports
3. Other Reports

UNFINISHED BUSINESS:
1. Housing Update:
   a. Housing Study
   b. Minnesota Housing Partnership Institute
2. Conversion of park area to residential lots
3. EDA Coordinator position

NEW BUSINESS:
1. Playground Equipment for East Ridge Terrace
2. Ben Winchester presentation

ADJOURNMENT
Gaylord EDA

**MMA account #4259 Balance as of 03-30-18**

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Expenses:

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Total: $15,240.88

**Sign & Awning Account Balance as of 1-30-17**

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Expenses:

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**Sign & Awning account balance as of 4-30-18**

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**Balance in MMA account #4259 as of 04-30-18**

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**MMA account #842646 as of 3-31-18**

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Balance in MMA account #842646 as of 4-30-18

$16,629.08

**Total EDA account balance as of 04-30-18**

$35,977.62
## CITY OF GAYLORD
### Expenditure Guideline - By Department
#### APRIL 2018

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DEPT 46500 Economic Develop mt $0.00 $0.00 $0.86 -0.86
EXECUTIVE SUMMARY

AdMark Resources was hired by the Sibley Housing Team to conduct a housing needs and conditions assessment of the cities of Gaylord, Gibbon and Winthrop. Following is an executive summary of those findings.

Population and Household Data

Between 2010 and 2018 the population of all three Study Areas decreased by between 3% and 6.5%, with Winthrop declining the greatest amount. Additionally, the population is projected to continue to decline in all three markets by between 0.5% and 2.5% by 2023. During the same time period, households also decreased at a lesser rate of 1.0% to 4.16 between 2010 and 2018 and are projected to decrease another 0.3% to 0.9% by 2023.

In Gaylord, the average household income is projected to grow from $44,004 in 2000 to $74,681 by 2023 and there were 98 substandard and temporary housing units within the Gaylord Study Area in 2016. In Gibbon, the average household income is projected to grow from $44,004 in 2000 to $74,681 by 2023 and there were 90 substandard and temporary housing units within the Gibbon Study Area in 2016. In Winthrop, the average household income is projected to grow from $44,004 in 2000 to $74,681 by 2023 and there were 113 substandard and temporary housing units within the Winthrop Study Area in 2016.

Employment

Area employment remains strong with projected steady growth. The largest employer within the three Study Areas is Michael’s Foods with 600 employees. The overall feeling across the area is that the economy in the three city area is good with 24% of the major employers expecting to grow over the next two years. Additionally, across the three cities, 24% of the twenty-nine surveyed businesses grew over the past two years. While 17% of the surveyed businesses downsized and none anticipate downsizings over the next two years. The remaining businesses stayed the same over the past two years and expect to remain the same over the next two years.

The majority of larger local employers are service or food related businesses with a few manufacturers and contractors.

Following a peak in 2009 and 2010, Sibley County’s average unemployment rate has slowly declined over the past seven years with a slight uptick in 2016. Over the past ten years, the lowest number of unemployed occurred in 2017 with the highest number employed also occurring in 2017.

Single Family Home Market

The past year found the highest sales total for the three cities and highest average price and highest median price over the past five years in Gaylord and Winthrop and the highest in the past four years for Gibbon.
As of the end of March 2018, there were 7 single family homes for sale in Gaylord; 5 in Gibbon and 8 in Winthrop with some of these having pending sales. The median price in Gaylord was $114,000; $89,900 in Gibbon and $90,000 in Winthrop. Prices in Gaylord ranged between $92,000 and $186,000; in Gibbon they ranged from $54,900 to $200,000 and in Winthrop from $24,900 to $315,000.

Based on 2017 sales of 38 single family homes in Gaylord, the 7 available homes are only about a two-month supply of homes. In Gibbon, the 5 current homes on the market represent about a three-month supply and the 8 for sale in Winthrop represent about a four-month supply. This is a limited number of homes which greatly reduces the availability of choice related to price, location, amenities, etc.

**Rental Housing Market**

There is a mixed variety of apartment facilities across the three cities, with the majority of rental units being more than 20-50 years old which is quite common in smaller rural communities. The newest rental property is an eight unit building constructed in 2011 which we are unknown as to what property this is; it could be one where the owner refused to participate. Other than that, the most recent rental property is the addition at Oak Terrace which occurred in 2008. The newest rental properties which are not senior housing with services, are the three Amberfield buildings that were constructed in 1994 which is 24 years ago.

Of the buildings surveyed, most vacancies were temporary ones due to one resident moving out and another moving in. General Occupancy apartments across the three Study Areas have been identified as having only 2 vacant two-bedroom units and the subsidized units have identified only 1 one-bedroom vacancy. That’s a 1.3% vacancy rate in the general occupancy units and a 1.4% vacancy rate in subsidized units. A healthy rental market should have a 5% vacancy rate which allows residents a choice of amenities, location, rent, etc.

**Demand**

Projected population and household growth is constant to slightly declining, identifying housing need primarily directed toward filling housing voids directed toward keeping residents and attracting others to the three communities.

All three communities share many of the same needs; attracting moderately priced mid-range housing specifically seeking three-bedroom homes as well as patio homes and twin homes for seniors. As such, we are recommending the addition of the following housing types.

**Gaylord**

Regarding single family homes, Gaylord should target completed homes including the price of the lot, near the $180,000-$200,000 range.
The city should work to attract a 12-24 unit market rate rental property with a mix of one, two and three-bedroom units and amenities including a community room, fitness center and garages. At a minimum, rents should be in the range of $650-$700 for a one-bedroom unit, $800-$850 for a two-bedroom unit and $950-$1000 for a three-bedroom unit which will provide the amenities necessary to attract renters to Gaylord.

The community may also wish to attract senior-targeted patio home or twin homes as well as general occupancy townhome rentals in the range of 4-6 one and two-bedroom patio homes with rents in the range of $750 to $1,000 and 4-8 two and three-bedroom, two-story townhomes with rents in the range of $800 to $1,200.

ANALYSIS AND RECOMMENDATIONS

The Gaylord, Gibbon and Winthrop Study Areas are indicating steady population and household numbers between 2018 and 2023 after experiencing decreases between 2010 and 2018. Households are decreasing at a lesser rate than the population. We need to take that into consideration when addressing housing needs. Additionally, while single family home sales have been steady, new construction has been very minimal. Therefore, rather than address housing needs based solely on growth, we also need to address the current housing voids within the market.

With employment steady and 24% of the surveyed businesses projecting growth over the next two years, it is safe to assume that some of those new employees will require housing. With 12% to 27% of the people who work in various Study Areas but live outside of the Study Area, if proper housing were constructed, more of the workers employed in a particular city may elect to live in that city.

Workforce housing is an issue that arose from a number of employers but particularly the largest ones that stated that many of their employees have to travel from outside the area due to a lack of affordable housing; both rental and ownership. Because the existing affordable housing units are full, there is no housing available for new employees or new families who would like to move into the area to work. As a result some people choose to live in substandard housing because they have a local job and there is no better housing for them to move in to.

The Workforce Housing Development Program through the State of Minnesota targets communities in Greater Minnesota where a shortage of housing makes it difficult for businesses to attract the workers they need. This would be an ideal program to tap into to create new affordable housing into the communities.

Additionally, with adequate housing and a school district with a strong reputation for quality education, more people may elect to make the community where they live, be their bedroom community while they work outside the city.
Following we will separate recommendations be each individual city.

**GAYLORD**

**Single Family Home Market**

At the present time there are a minimal number of single family home lots and town home lots available for building within the borders of Gaylord. If the issue in building is the cost of lots, the city may wish to provide incentives to private developers to create new development. These incentives could range from free land to tax abatement to a reduction in city fees such as sewer and water accessibility charges, park dedication fees, or any other city fees.

During the heart of the most recent recession this would have been unheard of, but with an improving and stronger local economy, if the city wants to retain current residents and attract others, there needs to be new housing introduced into the market. Very few new homes have been constructed over the past 10 years.

Over the past five years, median home values of houses sold, typically fell below $100,000 in value. According to local Realtors, home sales within the city are improving but there is a need for additional inventory. In an effort to attract new housing into the community you may wish to consider pursuing a down payment assistance program and/or first-time homebuyer program to help individuals qualify to purchase those homes.

In an effort to improve the existing housing market and to increase property values, especially with 57% or 452 of your 793 homes valued at less than $100,000, the city should also pursue home fix-up funds and create training workshops so local residents know how to access those funds.

**Single Family Recommendations**

With 63 homes classified as dilapidated, 74 requiring major repair and 247 requiring minor repair, the best solution to improving housing may be to seek rehabilitation funding. This is usually targeted toward a specific neighborhood in order to eliminate blight, but if there is a grouping of homes in need of major repair, it might be possible to receive some funding.

The primary funding source for concentrated neighborhood rehabilitation programs is the Small Cities Development Program (SCDP), administered by the MN Department of Employment and Economic Development (DEED).

For homes requiring less rehabilitation, a home fix-up fund may be the option for providing home owners with low interest loans. The best place to start would be discussions with the South Central Minnesota Multi-County HRA, the Southwest Minnesota Housing Partnership and the Minnesota Housing Finance Agency. These resources should be aware of any potential programs you or your residents will be able to access.
As for attracting new housing stock into the market, you should concentrate your efforts toward attracting moderately priced mid-range housing specifically seeking three-bedroom homes and patio homes and twin homes for seniors. The higher-end market will most likely gravitate toward building sites with acreage which may not be located within the city limits.

Here again, you may have to work with developers through incentives to make lots more affordable than the market currently has available. You need to target completed homes including the price of the lot, near the $180,000-$200,000 range. With a 10% down payment and interest at 4.25% the monthly payment on an $180,000 home would be $797 and on a $200,000 would be $885. These would require an annual household income of $31,880 to $35,400 if a householder would spend no more than 30% of their income on their mortgage. In reality, more and more households are spending in excess of 30% of their income on housing.

In Gaylord in 2016, 4.4% of homeowners spent between 30% and 35% of their income on housing with 16.9% spending more than 35% of their income on housing.

In addition to reduced pricing for lots, the City may seek out buyer assistance in the form of loans/deferred loans through the Greater Minnesota Housing Fund (GMHF).

With the aging of the population, anything you can do to keep your current residents in the community is important. While there will be discussion in the next section relative to rental patio homes, it is also essential that you work to attract a developer to build affordable patio homes, twin homes or townhomes for empty nesters and seniors. If this does not occur, you will be losing your elderly housing segment to other communities. Twin homes and town houses generally, represent a cost advantage in land, construction and infrastructure costs compared to detached houses. A second advantage of attached single family housing is lifestyle-related. A growing number of empty-nesters and younger seniors want age-appropriate housing that provides amenities for older adult buyers and offers a “no maintenance” option of ownership. This type of housing is often created with a homeowner’s association where mowing, snow removal and garbage services are part of a monthly or annual homeowner association fee.

Rental Housing Market

While almost all interviewed apartment buildings are full with waiting lists, a number of rental voids have been identified as well as issues with some of the current rental properties. There is a shortage of market rate three-bedroom apartments with only two in the community. Other than Oak Terrace Senior Housing which was built in 2008, the newest rental property in Gaylord was Amberfield Place, built in 1994, 24 years ago. Most other identified rental properties in Gaylord are 25 to 45 years old. This really limits a choice for amenities and features found in newer apartment buildings like higher ceilings, magic pak furnaces or in-floor heating, fireplaces, unit washers and dryers, fitness center, etc. With all market rate and subsidized rental units full (143 apartments) the Gaylord market needs 7 additional apartments just to get to a 5% vacancy rate which allows for choice. While this indicates that the market can support additional rental units, the addition of the Medical School would greatly increase the demand for newer rental properties.
According to employers, there is an overall shortage for housing to allow for choice and many employers state that there is a need for additional rental options. Subsidized housing is older but fortunately Gaylord has both general occupancy and elderly subsidized housing in town. Both general occupancy and senior townhome rentals are non-existent in Gaylord and there is also a lack of single story patio home which tend to attract a high number of empty-nester senior households.

There currently are no existing apartments that are designed to attract young professionals or young families in need of a temporary housing option while they pursue purchasing or building a home, due to a shortage of three-bedroom units. There also are no newer apartments designed to meet the changing demographics and built with amenities to attract people to the community.

The existing apartments are more of a fallback option to provide an affordable housing option for people who need to live in Gaylord. As for senior housing-with-services, you are very fortunate to have such a quality senior housing-with-services option in your community as Oak Terrace and all of the senior lifestyle options they have to offer.

**Rental Housing Recommendations:**

With two rent-subsidized buildings meeting the needs of low income seniors and families, and a number of lower priced rental units in basements, mobile homes and over commercial properties, the city needs to turn their attention to market rate apartments. It appears the need for affordable lower income rental housing is currently being met. It’s the middle of the road rental housing that is most needed as well as high-end units.

If we looked solely at projected household growth and we would state that due to a lack of growth no new rental units are needed. However, due to the age and condition of most market rate units, current low vacancy rates, voids of certain types of rental units, comments from employers and the projected growth of area businesses, the city of Gaylord needs additional rental units. In fact, all three cities are projected to lose households in the future, and much of that could relate the fact that young families and young senior households are moving to communities like Hutchinson and New Ulm that have newer rental housing options to choose from.

At a minimum, the city should work to attract a 12-24 unit market rate rental property with a mix of one, two and three-bedroom units and amenities including a community room, fitness center and garages. Rents should be in the range of $650-$700 for a one-bedroom unit, $800-$850 for a two-bedroom unit and $950-$1000 for a three-bedroom unit which will provide the amenities necessary to attract renters to Gaylord.

The community may also wish to attract senior-targeted patio home or twin homes as well as general occupancy townhome rentals in the range of 4-6 one and two-bedroom patio homes with rents in the range of $750 to $1,000 and 4-8 two and three-bedroom, two-story townhomes with rents in the range of $800 to $1,200.
GAYLORD ECONOMIC DEVELOPMENT AUTHORITY

SALE OF RESIDENTIAL LOTS POLICY

The Gaylord Economic Development Authority (GEDA), from time to time, acquires residential lots for the purpose of economic development. Generally, GEDA acquires those lots for the purpose of selling them to interested parties with the hope that the interest parties will build single family residences on the property, thereby benefiting the City of Gaylord. It is the purpose of this policy to outline the terms and conditions that must be included in such a sale of a residential lot to an interested party.

1. The EDA will determine, at its discretion, the sale price for the lot.

2. In instances where building a residence upon the lot is a condition of the sale, GEDA will require a signed purchase agreement. Within 4 months of the signed purchase agreement, the buyer must produce the following to the EDA:
   
   A. Copies of the plans and specs for the new home

   B. A sworn construction statement from the general contractor (this could be the buyer if they are a builder)

   C. A financing letter or documentation of cash reserves to show the buyer has the capacity to complete the project

Additionally, the building permit for the residence must be applied for at the time of closing. Closing shall occur within 4 months of signing the purchase agreement. If construction isn’t started on the home within 90 days of closing, the lot will be returned to the EDA.
Sample

Purchase Agreement

The undersigned Buyer, Silvio Amorim, hereby agrees to buy from the Gaylord Economic Development Authority, a municipal corporation under the laws of the State of Minnesota, real property legally described as Block 1, Lot 2, Mud Lake First Addition, City of Gaylord on the following terms and conditions:

1. Buyer shall pay the Gaylord Economic Development Authority the sum of $1.

2. Buyer shall complete construction of a single family residence upon the property within one year of the date of closing.

3. Within four months of the date of this purchase agreement, buyer must provide the following items to Seller:

   A. Copies of the plans and specs for the new home
   B. A sworn construction statement from the general contractor building the home
   C. A financing letter or documentation of cash reserves to show that Buyer has the financial capacity to complete the project.

If the above items are not provided in the timeframe specified, this agreement is null and void.

4. Upon acceptance of this Agreement, the City of Gaylord shall forthwith show to buyer good and merchantable title in the property, subject to easements, covenants and restrictions of record. It is agreed that if the title to said premises is not marketable and cannot be made marketable within 60 days from date heretofore, or as otherwise agreed, this agreement shall be void.

5. Closing shall take place on or before four months from the date of this purchase agreement, at the Gaylord City Hall, or at a time and place as otherwise agreed by the Parties. The Seller shall furnish a Warranty Deed and other statutorily required documents conveying good and merchantable title to the buyer.

6. The building permit for the residence must be applied for at the time of closing. If it is not, this agreement is null and void.

7. If construction on the residence isn’t started with 90 days of the date of closing, title and ownership of the above-described real property shall immediately revert back to Seller.

8. All taxes or assessments, or installments thereof, that may hereafter become payable on said property from date hereof, including unpaid installments of special assessments heretofore levied on said property, and that are currently pending at the time of the execution of this agreement shall be paid as mutually agreed by the parties.

9. The possession date shall be the closing date, unless otherwise agreed by Seller.
10. Time is of the essence in the performance of the terms of this Agreement.

11. Buyer will be responsible for all recording costs after transfer of the property, including all costs and fees associated with Buyer regaining title of the property.

12. The terms of this Agreement shall survive the closing.

Dated the ______ day of ________________, 2015.

GAYLORD ECONOMIC DEVELOPMENT AUTHORITY

Seller

By__________________________

Its President

By__________________________

Its Secretary

Buyer

By__________________________
Installation Quotation

Date: 4/10/18
Project Name: City of Gaylord
Location: Gaylord, MN
Contact Name: Ty Reimers
Phone: 
Email: treimers@exploregaylord.org

Description of work to be done ........................................

Removal and Relocation of Existing Play Structure .... $8,920.00
Shown on pictures sent on 4/10/18

Amount $ 8,920.00

Note: Footings to be disposed of by others.
Note: Any Site Restoration would be additional.

Note: All work is to be completed in a workmanlike manner according to standard practice. Any alterations from the above specifications involving extra costs must be executed upon written orders and will become an extra charge over and above the purchase agreement. Unless otherwise stated a level site matching the drawing dimensions and the corners of the site must be staked prior to our arrival. If MFCS is to excavate, all material/dirt will remain on site to be removed by others, unless stated otherwise. Prices shown do not include Site Restoration.

Terms:
Prices are firm for 30 days, subject to review thereafter. Terms are Net 30. A finance charge of 1.5% will be imposed on the outstanding balance unpaid for more than 30 days after substantial completion of the work. Standard manufacturing design, specification and construction apply unless otherwise noted. Area must be accessible by a bobcat and all other equipment necessary for installation or additional fees will be charged. Installation rates are based on normal conditions. Price does not include prevailing wages, unless otherwise noted. If we can be of further assistance please contact us.

Accepted by: ____________________________
Date: ____________________________
WINTHROP ECONOMIC DEVELOPMENT AUTHORITY PRESENTS:

Benjamin Winchester, U of M Extension Educator

MOVING IN, MOVING OUT
AND MOVING OVER

There is a wave of change coming to rural America. On average, 30% of our homes are owned by people over the age of 70. Another 45% are owned by the Baby Boomers. This means that almost three-quarters of our owner-occupied housing supply will turn over in the next 20 years. The supply, and demand, of these homes will change the face of our rural communities. There are complexities involved here that require a broad examination of the trends related to people moving in, moving out and moving over that have far-reaching consequences. Aspects of change related to these trends—such as workforce housing, a tight labor market, and changing residential preferences—will be discussed. How can our communities work together to prepare for these changes coming in the near future.

We would like to invite your council, EDA and any other local investment group your city may have, to come and join us in this discussion on:

May 23rd, 5:30 pm

Hahn's Dining and Lounge
206 N. Main Street, Winthrop
RSVP to administrator@winthropminnesota.com

WinthropEDA

FO Box Y
305 N. Main Street
Winthrop MN 55396
Phone: 507-647-6306
Attendance Form

Date of Meeting: May 23rd, 2018
Time: 5:30-6: social hour, 6-6:30 pm: meal, 6:30 pm: speakers
Location: Hahn’s Dining and Lounge
206 N. Main Street
Winthrop MN 55396
Cost per Attendant: $15 per attendant

Total # of Attendants __________

City/County of _________ Local representatives

Title and Name of Attendant:

1) __________________________

2) __________________________

3) __________________________

4) __________________________

5) __________________________

6) __________________________

7) __________________________

8) __________________________

9) __________________________

10) __________________________

*Please make checks to “Winthrop EDA” and forward this form and enclosed check no later than May 16th, 2018 to: Winthrop EDA, PO Box Y, Winthrop MN 55396