

Crookston Housing & Economic Development (CHEDA) Executive Director's Quarterly Update December 2009

It was an interesting Fall as the weather just could not seem to make up its mind. We had flurries a couple of times but winter held off till the last week of November which allowed some time to get projects done (between rain events). Now it looks like winter has set in and it is time to hunker down and break out the ice fishing gear. Generally it appears that most area farmers were able to complete their harvest efforts though it was later than usual.

It has been another busy year at CHEDA. It is hard to believe that we are wrapping up 2009. December brings to us a great deal of annual reporting as well as the end of our first fiscal year using the calendar year as our end date since Crookston's HRA has been rolled into the Crookston EDA.

As stated in my last report, in 2009 we received some stimulus money through our Federal programs (Public Housing) and our project to replace our boilers and a water heater at our Oak Court facility is very near completion. All systems are operational and we anticipate seeing some energy savings over these winter months. There are a few small items left to be addressed with final wrap up and systems training planned to be completed prior to year end.

We also completed the acquisition of the property located at 313 Stuart Ave. next to our Oak Court facility. We anticipate the demolition of the buildings located at the site yet this year and we will be planning the development of the property over the next year for grounds expansion, improved parking, and possibly a future accessory building.

The Workforce Housing program presented many challenges to CHEDA this year. We successfully moved two homes from Pleasant Ave. to Woodland Ave. in the Sampson's addition. The move occurred without incident but as with any project involving existing older homes there were many small issues to correct as the project progressed. The homes were placed on wood foundations and all major systems were brought up to code. Each of these homes also has its own newly constructed 24 x 26 garage. One home is a two-story, three bedroom home and is for sale to the public at \$95,000.00 and the other is a single-story, two bedroom home and is for sale to the public at \$85,000.00.

Both homes are located **outside** of the 100 year flood zone on large lots which extend to the river's edge and are protected by a floodwall. Contact our office at 218-470-2000 to set up a showing.

CHEDA has worked with the City of Crookston to develop a concept plan for the City's next residential subdivision which will be located on the property around the new Crookston Sports Center. The concept plan has been finalized and will now go through the platting process. The timeline for should be sometime in 2010. The City is exploring the engineering costs associated with developing the infrastructure plan for the site. The site is planned to be developed in phases, includes two types of residential areas as well as some commercial sites along Fisher Ave. and will include a pond, large park, and trail amenities. Lots may be available in late 2010 or 2011 depending on the availability of funding to install the infrastructure.

CHEDA continues to be financially sound and Federal program dollars appear to be stable for 2010 although the Federal Government will not release their numbers until sometime in 2010.

The State budget deficits continue to be significant and there continues to be the threat of cuts to local government aid (LGA). This will likely mean additional loss of revenue at the City which may further affect funding planned for CHEDA economic development activities.

The CHEDA board has approved a 2010 budget which includes a variety of deep cuts to economic development expenses in an effort to offset lost revenues which are primarily a result of reduced interest rates. Wages have been frozen at 2009 rates for all staff. CHEDA's stipend from the City of Crookston

was reduced for 2010 from \$90,000 to \$80,000 or about 11%. Work in 2010 will focus on finding new ways to diversify economic development revenues.

Conversations with local manufacturer's indicate that new contracts for 2010 are starting to materialize and some improvements in sales and employment are expected. It still appears that the public is becoming somewhat conservative in their spending which is certainly impacting the economy in the Red River Valley, but again, the local economy still continues to perform somewhat better than the metropolitan areas of Minnesota and the rest of the U.S.

Future activities will have focus on:

- Continually work with the City of Crookston on strategic planning as it would relate to availability and affordability of homes to own or rent, availability of buildable residential lots, housing rehabilitation, downtown redevelopment, and infill and expansion of the industrial park
- Maintaining or diversifying housing and economic development programs or enhancing their availability in an effort to retain and attract businesses to Crookston.

Current Projects

Civic Center/Arena Project – This project has advanced significantly since my last report. The rink areas now have concrete and interior finish work is in progress. Construction is on schedule and the City is planning for a big grand opening event on January 30, 2010. This is an impressive structure and a tremendous asset for the community.

Fundraising efforts have surpassed \$900,000 with the final goal being \$1,100,000. All donations big or small are significant so if you have considered donating to this project you can do so by visiting the website at www.protectingthelegacy.com. You can also access the webcam and view the project from this site.

Food Grade Milling Operation – Unfortunately the main Crookston Bean facility burned down this summer. The owner is planning to rebuild and likely upgrade his facility next year. I will be assisting him with his efforts to obtain financing to rebuild and restart his operation. Crookston bean handles and processes or mills pea hulls and various grains. The owner will likely be rebuilding on their existing site.

KT Apartments – Prairie Skyline Foundation via Kay Hegge is still working on obtaining additional financing to renovate the apartments in the Quist Building to create “permanent supportive” housing or housing for extremely low income individuals in need of quality living space. This has been a difficult process and funding continues to be scarce. Capital markets continue to be conservative so the purchase of various tax credits which provide funding for projects such as this continues to be slow.

Wayne/ Palace Hotel – The project developer is MetroPlains out of St. Paul. The project entails a complete rehabilitation and remodeling of a historic hotel building into 24 income qualified apartments. This project will also be looking for funding from the Minnesota Housing Finance Agency for over \$3,000,000. Again, the State has changed the timing for their project funding rounds from June out to October of 2009. Therefore we will have to wait till February of 2010 to find out if this project is funded. Polk County has granted an extension to their timeline for demolition in order to allow one last funding application by MetroPlains. Again, if unsuccessful the County will likely be demolishing this structure in 2010.

Pizza Hut Building – This building has been renovated and the kitchen updated. An authentic Mexican restaurant that will be called El Metata was expected to be in the Fall of 2009 but additional equipment updates necessary to meet state requirements have set back the opening date. There is still the expectation that the restaurant will be open before the end of the year.

Strip Mall – The Verizon wireless store and Hong's Chinese restaurant are open and doing business. Stop by and visit these great new businesses when you get a chance. Mr. Keith Danks of Equity Management is also planning to start on a second strip mall in 2010.

Crookston continues to have some great property & building opportunities available in commercial and industrial sectors around the community. Check out our property listings on this website.

Have a safe winter and joyous Holidays!!