

# EAST BETHEL CITY COUNCIL WORK MEETING

August 12, 2024

The East Bethel City Council met on August 12, 2024, at 6:00 p.m. for the regular City Council Work meeting at City Hall.

MEMBERS PRESENT:           Kevin Lewis                   Brian Mundle               Bob DeRoche  
                                  Tim Miller                    Jim Smith

ALSO PRESENT:               Matt Look, City Administrator  
                                  Aaron Berg, Community Development Director

## 1.0 – HRA Discussion on Goal Setting

Look presented research done on Minnesota State statutes as related to HRA and what an HRA is responsible for. He stated it drills down on blighted areas which cannot be redeveloped without government assistance. He also indicated it says in situations where buildings endanger life or property by fire or other causes in the original land planning lot layout in conditions of title in the area, Continental Communities comes to mind. He stated that \$25,000 will be given back to communities for housing purposes, low to moderate-income housing. Funding is the primary concern; they could bond for it with the understanding that when you sell it, you can then pay off the bonds, or if you have dollars set aside from the State dollars coming in or the HRA levy dollars annually to purchase. He stated he spoke with a gentleman who is interested in developing something about the size of the Taylor Street property.

Mundle stated if they get bonding from the State for the water tower at Simms, there is a property there that could be considered blighted, and HRA funds could go towards dealing with that property or something else in that area to help the City.

DeRoche stated that the money is earmarked from the State for the sewer water, so he does not think they can divert the money to other projects to fix up blighted properties.

Look clarified that in the Bill to the State, it would identify what the money could be spent on.

DeRoche asked if they were stuck with whatever properties the City had and could not sell them if they were tax forfeited. Berg stated there are 3 types of properties that are local government-owned. Some of them require 25 years before you can consider selling them, some may be able to be put back on the market, and some must have an appraisal done and then sold back to the State of Minnesota. He also stated that the taxes on real estate must be evened up before those transactions could take place, so the City might not want to get involved in purchasing the properties because of the outstanding taxes.

Lewis stated that monies from a levy should be used for what the levy said they would be used for. He also thought that if there is a clearly defined set of goals, there is a better chance of leveraging seed money into matching grant money.

Look clarified that the State law for the quarter cent sales tax for housing has to go through the County HRA, that the City got out of. He stated there are many cities caught in the in-between, the City included, and there may be some legislative support coming to the next session so the cities paying in have the option to get money out even though they are not part of the County HRA.

Lewis asked what the priorities were, if they were commercial primarily and secondarily residential or vice versa. Look stated if a business that was one of the first ones you see when you come into the City went up for sale, the City may entertain buying that.

DeRoche asked what the Cambridge HRA does. Berg stated they own an apartment building and invest in other senior living; their money is used to utilize the apartment building and for maintenance.

Look added that other cities' HRAs typically get into slightly below-market senior housing. He also stated that they bond for money, and then the levy pays the debt service.

Lewis stated he does not believe in government ownership and operation of businesses, because it gives an unfair competitive factor in the market. He added that the person who is insisting on the purchase is an imminent need and should get out their checkbook.

Look stated there is no doubt that in a senior housing complex, there will be constant replacements, and it is a constant headache.

Lewis stated that he could see doing that with government ownership, like a utility, because they have a defined rate of return on the investment capital.

Look noted that there is sometimes overlap between HRA and EDA when it comes to commercial-type work, with a goal of identifying where improvement is needed and proactively going after them.

Miller asked how much money comes in like that per year. Lewis stated that the levy is \$77,000 at present.

Look stated they can run an analysis of what other HRAs are doing, but it is probably \$250,000 minimum for a levy if you are trying to build up a chest of money to make these purchases.

Berg stated that the sales tax money coming for housing does not have to be spent immediately; it can be spent within a three-year window for the first year.

Lewis stated that there should be a top three priorities as a community to accomplish 90% of what they are going to do so they can focus on what their priorities are with the money they do have. He asked what the next steps for putting together priorities would be. Look stated one priority could be cleaning up blighted property and identifying what properties fit that category. Another priority could be low-income housing.

Lewis stated that low-income housing is a priority in the current economic realities, but it is not one that the HRA can do themselves.

Look added another priority could be unsanitary or unsafe conditions, such as failing septic systems.

Lewis suggested having a sit down in the next couple of weeks with whoever would like to participate to discuss ideas for the priorities. He also asked where the blighted residents with resistance to improvements fall in this scenario.

DeRoche added that the City used to buy properties on Coon Lake and one on Lincoln and Cedar.

## 2.0 – Jeremy Foss Abatement

Look stated that staff has put together a laundry list of times they have made contact with the person over the years, and the new process is to explain the whole situation to the Council and get their blessing in pursuing this to the next legal capacity.

Berg overviewed the history of 921 235<sup>th</sup> Avenue Northeast, which was first introduced to the City in 2018 when a notice of multiple violations was submitted. There were several notices sent over the next few years then the first citation was issued in March of 2022, the second was issued in April of 2022, and the third was issued in June of 2022. All the citations were paid in July of 2022, and things were cleaned up, and now things are back to square one with an accumulation of vehicles; neighbors are contacting the MPCA and are making other complaints. He stated there has not been any contact with the homeowner in the most recent stages. He added that the homeowner is selling cars, car parts, snowmobiles, junked-out cars, and other items that are prohibited in the current version of a home occupation.

Mundle asked if the homeowner should have a dealer's license. Berg noted that if the homeowner is selling 5 cars or more a year, then he should have permission from the local zoning official to apply for a dealer's license with the Department of Public Safety.

Look recommended turning up the heat to get compliance.

DeRoche asked if the County took care of it, would they pay for the expenses. Berg clarified that the County's enforcement is limited to automobile fluids, not for the other multiple code violations. He updated that in prior cases, the homeowner always comes in and pays his fines, cleans everything up, and puts it on the back shelf before going back to doing business as usual.

Mundle stated that the property owner knows he is doing wrong, and what good are the City's rules if they do not enforce them.

Lewis stated that there does not seem to be any other option besides taking this to the City Attorney.

Miller agreed that if it is not going to be any extra cost to the City, then they have a clear reason for the City Attorney.

DeRoche stated that as long as it does not turn into a slippery slope he agrees that this should be taken to the City Attorney.

## 3.0 – Magnuson Rental Property

Look noted that they have been trying to communicate with the Magnuson rental property along Highway 65, trying to get them to comply with the rental ordinance and to inspect the property to ensure it is a safe living condition. He updated that there has been a failure to return any sort of letters and answer the doors, and the City will be sending another letter at the end of the month before a citation is issued. He stated that this boils down to a public safety scenario due to potential unsafe living conditions, electrical conditions, and other conditions.

Berg stated that the formal written complaint from the neighbor was received in July, but the complaints started well before that.

Lewis asked what the options were as far as calling for a welfare inspection of the property.

Berg updated that the neighbor has called the Sheriff's Office and had officers at the property for a number of different complaints. He stated they could generate another letter and have the Sheriff's Office deliver it for them to verify it has been delivered.

Lewis stated that if the City Attorney were to deliver the letter, then maybe the owner would react differently. He stated that rental properties are often rented for purposes that do not conform with current laws.

Look stated that may be one of the fears with this site, but the City is looking for safety-related conditions.

Berg stated that a citation accompanies Code enforcement letter number 4, making it more serious, but it takes about 3 months to help them come into compliance before things get more serious.

#### **4.0 – Mayor and Council Compensation**

Lewis inquired about the dates of the last time the compensation for council members and commission members was changed.

Look stated that Staff will research that and bring the findings to the next Work Meeting.

#### **5.0 – Commission Stipends**

This item was moved to next Work Meeting.

#### **6.0 – Adjourn**

Work Meeting adjourned at 6:53 p.m.

Submitted by:

Lilian Rokosz

*TimeSaver Off Site Secretarial, Inc.*