COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MN 55016
COUNCIL CHAMBER

August 11, 2026

- 7:30 AM

1 Call to Order

2 Pledge of Allegiance

3 Roll Call

4 Approval of Minutes

A Approval of May 12, 2026 EDA meeting minutes
Staff Recommendation: Approval of May 12, 2026 EDA meeting minutes.

B Approval of July 14, 2026 EDA unofficial meeting minutes
Staff Recommendation: Approval of July 14, 2026 EDA unofficial meeting minutes.

C Approval of July 27, 2026 EDA Special meeting minutes
Staff Recommendation: Approval of July 27, 2026 EDA Special meeting minutes

5 Business Items

A Community Development Update
Staff Recommendation: Receive the Community Development Update.

B Housing and Redevelopment Authority (HRA) Preliminary Levy
Staff Recommendation: 1. Approve Resolution 2026-005 establishing a preliminary tax levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2027, a special benefit tax levy, not to exceed $196,000 per the Proposed 2027 Budget on file with the City.
2. Call a Public Hearing to consider the adoption of the final levy to be held by the EDA at their regular meeting on December 1, 2026, at 6:00 pm.

C BR&E Quarterly Update
Staff Recommendation: Receive a quarterly update on business retention and expansion survey results.

6 Public Hearings

7 Other Business

8 Workshop

A Draft Local Affordable Housing Aid (LAHA) Policy Review
Staff Recommendation: Receive the staff presentation and discuss the draft policy.

9 Presentations

10 Adjournment

Economic Development Authority Action Request

4.A.

Meeting Date	8/11/2026
Department	Economic Development
Agenda Category	Action Item
Title	Approval of May 12, 2026 EDA meeting minutes
Staff Recommendation	Approval of May 12, 2026 EDA meeting minutes.
Budget Implication	
Attachments	1. 2026-05-12 EDA Meeting Minutes

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY **May 12, 2026**
12800 Ravine Parkway South
Cottage Grove, MN 55016
COUNCIL CHAMBER - 7:30 A.M.

1. CALL TO ORDER

The Cottage Grove Economic Development Authority (EDA) meeting was called to order at 7:30 a.m. by EDA President Myron Bailey.

2. PLEDGE OF ALLEGIANCE

EDA President Bailey asked everyone to please rise and join in reciting the Pledge of Allegiance.

3. ROLL CALL

Jaime Mann, Assistant to the City Administrator, called the roll:

EDA President Bailey-Here; EDA Vice President Olsen-Absent; EDA Member Jean-Baptiste-Here; EDA Member Khambata-Absent; EDA Member Latack-Absent; EDA Member Scott-Here; EDA Member Tschida-Here.

Staff Present: Jennifer Levitt, City Administrator
Nate Carlson, Economic Development Manager
Brenda Malinowski, Finance Director
Jaime Mann, Assistant to the City Administrator
Emily Schmitz, Community Development Director

Others Present: None.

4. APPROVAL OF MINUTES

A. *Staff Recommendation: Approve the April 14, 2026 Economic Development Authority Meeting Minutes*.

EDA Member Scott made a motion to approve the April 14, 2026 Economic Development Authority Meeting Minutes; second by EDA Member Tschida. Motion carried: 4-0.

5. BUSINESS ITEMS

A. Community Development Update
Staff Recommendation: Receive the Community Development Update.

EDA President Bailey said Nate's going to take us through this.

Economic Development Manager Nate Carlson said Good Morning, President Bailey and Members of the Board. I'll give you the Beige Book highlights, as well as a Community Development Update.

From the Federal Reserve Bank of Minneapolis, the following economic activities occurred since the last report: <u>Economic Activity</u>: Has increased slightly. <u>Employment:</u> Rose slightly. <u>Labor Demand</u>: Is positive. <u>Prices</u>: Increased moderately. <u>Wage Growth</u>: Was moderate. <u>Manufacturing, Energy, Commercial Construction, Commercial and Residential Real Estate</u>: Have all increased. <u>Residential Construction and Consumer Spending</u>: Were flat. <u>Agriculture Conditions</u>: Continue to remain weak.

Development Updates: <u>Park Grove Library</u>: Currently, demolition has occurred, and they're working on rebuilding the exterior. Waiting on Xcel Energy to disconnect gas and electrical utilities within the building to continue with demolition of a portion of the building and the parking lot. The new section of the foundation and relocated utilities will start once Xcel has completed their work. <u>Cottage Grove Middle School</u>: Is making progress on the interior storefront frames, glass, and doors. Installation of the interior cabinets is underway. <u>Oltman Middle School</u>: Is also making additional progress with installation of concrete stoops for the new entrances, and the windows for the cafeteria addition have started.
Planning Projects: Two major apartment projects that are currently under construction: <u>Roers Apartment</u>: Installation of the foundation drain tile has started. Installation of the foundation footings and block walls continue. You can see it going up along Highway 61. <u>Hadley Ridge Apartments</u>: Installation of the precast columns, beams, and hollow core slabs are complete, for the

parking structure below. Installation of the underground plumbing, civil storm pipes, and wood frame walls have also started. Cedarhurst Mansion Project: Framing for the atrium has started after some significant tree clearing. Water Tower: The installation of the interior concrete slab is complete. The surface preparation for painting the exterior steel tank has begun. It's my understanding the tank will also go up here soon.

Nate said that's all I have. EDA President Bailey said all right, thank you. I was laughing because Jennifer looked all excited, she's waiting for that tank to go up on there.

Administrator Levitt said well, Mayor, Members of the EDA, today is a very big day. Today, we approved the logo placements on the tank, and so the tank should lift on Sunday. So, if you don't have anything to do on Sunday, you can come out and watch that steel bowl be lifted to the stop of the concrete pillars.

EDA President Bailey said only our engineer. All right, thank you, and thank you, Nate.

B. Country Inn & Suites - Façade Improvement Program Application
Staff Recommendation: Approval of Façade Improvement Grant Request for the Country Inn & Suites.

EDA President Bailey said Nate, you're going to walk us through the next few, actually.

Nate replied yes, sir. President Bailey and Members of the Board, I have two Façade Improvement applications for your review today.

The first, and I bring it to you first, prior to the second one, because it was the most complete application, and it's from the Country Inn & Suites. I had a great conversation with the owner to get a better sense of the operations of the business, as well as the hospitality industry. They're also trying to engage more with our Convention and Visitors Bureau (CVB), so we have some upcoming meetings to set and coordinate with our CVB team with the owner of the Country Inn & Suites. But in the meantime, he is also looking at doing some major improvements to the exterior façade, and so that is what we have before you today.

As a reminder, the program started in 2019. It's a grant-based reimbursement program based on a 50% match. The purpose is meant to beautify buildings, increase consumer awareness, and sustain a healthy commercial building stock. As far as criteria is concerned: It needs to be within Cottage Grove, encourage improvements to surrounding businesses, and it needs to be consistent with the Comprehensive Plan and City Codes, and it needs to be zoned for business and it cannot be a residential project.

So, after my review of the eligible costs, the Country Inn & Suites is eligible to receive the maximum grant award of $24,999. On the graph below here, you can see a number of things that they would be working on for the exterior façade.

Nate said I have a motion prepared, and I can take any questions.

EDA President Bailey said all right, so, EDA Members, are there any questions for Nate on this application?

EDA Member Tschida said I guess all I have is a budgeting question. So, this is the maximum grant award, and I know we gave a maximum grant to The Madison earlier this year, I believe. Nate said that's correct. EDA Member Tschida said, so, with the next application, I guess my understanding is we have the ability to do two of these a year, so I guess how are we shifting funds around to figure that out?

Administrator Levitt replied Mayor, Members of the EDA, in previous years we haven't actually awarded the full amount, I think we've budgeted up to $75,000, and in previous years, we actually haven't used the full value. So, we would just use essentially Fund Balance from last year to supplement this year's because I think this year, I think we're at $50,000 in the budget.

EDA Member Tschida said okay, so, I mean, we're able to roll from one year to another? I don't know exactly how we set our budget, but it's my understanding that would normally fall to the bottom line, you know, in my understanding.

Brenda Malinowski, Finance Director, replied Board Member Tschida, yes, we would see if there's some available funding within the current year budget; you know, we can move some lines to another, but the other thing is if we go over in total of the budget, we would use Fund Balance. So, then we'd bring an Amendment back at that time, but we think we're okay because we can use that Fund Balance if necessary.

EDA Member Tschida replied okay, perfect. Thank you.

EDA Member Jean-Baptiste said just a quick follow-up question to that. Do we know how much funds we have from the previous year that we are able to roll over this year without dipping into other balances?

EDA President Bailey replied she's looking, I can tell.

Director Malinowski replied we had $137,000 in the Fund at year end, so that would be available for that.

EDA Member Baptiste said, got it, thank you.

EDA President Bailey said yeah, and I would just mention, and it was a good question earlier, because I know there was, especially during COVID years, there wasn't any, we kind of rolled it, so there was nothing happening during those years, so.

EDA Member Tschida said I guess of that $137,000 in that account, is that only for this program, or does that cover other things as well?

Director Malinowski replied that covers everything EDA related. So, if it wasn't used for Façade Improvements, it could be used for other EDA-related items.

EDA Member Tschida said okay, so, if another project comes to us later in this year kind of a thing. Perfect, thank you.

EDA President Bailey asked if there were any other questions at this point, none were asked. He said all right, as you can see, there is a motion and a second that we need to make.

Recommendation, By Motion:
Award Yogi Cottage Grove, LLC, an award letter for the submitted project with matching funds of up to $24,999 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program.

Motion by EDA Member Tschida to award Yogi Cottage Grove, LLC, an award letter for the submitted project with matching funds of up to $24,999 for any eligible expenses, as part of the City of Cottage Grove Façade Improvement Grant Program; second by EDA Member Scott. Motion carried: 4-0.

C. Voltas - Façade Improvement Program Application
Staff Recommendation: 1) Approval of Façade Improvement Grant Request for Voltas. 2) Make a motion to direct staff to hold future applications until 2027 when additional funding will be made available for the Façade Improvement Program.

EDA President Bailey said we'll move to the next one, which is the final one for the year, which is Voltas Façade Improvement Program application.

Nate said President Bailey, Members of the Board, a secondary Façade grant that I was also working in tandem with the Country Inn & Suites was with a new business in the Industrial Park, Voltas; it's off of 97th Street, in the previous Advance Corporation building, if you're aware of that. They're a med tech company, so in addition to creating their own medical technology, they are providing entrepreneurial kind of development space, so some new clean rooms that they're implementing in the building, to offer entrepreneurs and startups opportunity to work on their technology.

So, with that said, they have submitted an application for the Façade grant. There's a significant amount of landscaping to be done, exterior paint, and a building sign, with a total project of almost $13,500. However, of the eligible costs, that's $6,551, because we do reduce landscaping to 25% as eligible costs of the total cost, with a max award of just about $3,276.

Nate said I'll say so I have a motion prepared for the award, but also secondarily directing staff to hold future applications for 2027 when we have additional funds available for the program.

EDA President Bailey said which kind of goes to what EDA Member Tschida was talking about earlier, exactly. Okay, any questions on this particular one? None were asked. EDA President Bailey said all right, then in this case, we have two motions, one is regarding the award, and the other one is holding any future applications until 2027.

Recommendation, By Motion:

1. **Award Voltas Holdings, LLC an award letter for the submitted project with matching funds of up to $3,276 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program**
2. **Make a motion to direct staff to hold future applications until 2027 when additional funding will be made available for the Façade Improvement Program.**

Motion by EDA Member Tschida to award Voltas Holdings, LLC, an award letter for the submitted project with matching funds of up to $3,276 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program; second by EDA Member Scott. Motion carried: 4-0.

Motion by EDA Member Jean-Baptiste to direct staff to hold future applications until 2027 when additional funding will be made available for the Façade Improvement Program; second by EDA Member Tschida. Motion carried: 4-0.

D. TIF Agreement Amendment for Roers Housing Project
Staff Recommendation: Adopt Resolution 2026-003, which amends the TIF Agreement and Declaration of Restrictive Covenants with Roers to include rent restrictions on affordable units.

EDA President Bailey said and Nate, you're taking this one, too.

Nate said yes, sir. President Bailey, Members of the Board, you may recall, so in my Community Development Update, we have Roers is doing an apartment project, off of Point Douglas there. We did approve a TIF Agreement in November, 2025; it's a Housing TIF, so with the Housing TIF Statute, there are requirements for Affordable Housing within that State Statute. At the time we approved that TIF Agreement and the corresponding documents to abide by the Statute, which only applies to income restrictions on projects, not rental restrictions. They did begin construction in January, 2026, and the developer, Roers, has since come forward requesting an Amendment to the TIF Agreement and corresponding documents, to also include rental restrictions.

Why would they ask for this? Well, they are going after the 4d Tax Classification from the State of Minnesota, and the State of Minnesota is requesting that this TIF Agreement hold the rental restrictions for the property as the overriding document that confirms that 4d Tax Classification. And, so, what staff has prepared, in coordination with our attorney, is an Amendment to the TIF Agreement, as well as the Declaration of Restrictive Covenants. That Declaration will be recorded against the property to maintain that Affordable Housing, so long as the TIF District is in place.

So, all that said, we have a Resolution prepared for the EDA to approve, which amends the TIF Agreement and that Declaration of Restrictive Covenants, to include rent restrictions.

Recommendation, By Motion:
Adopt Resolution 2026-003, which amends the TIF Agreement and Declaration of Restrictive Covenants with Roers to include rent restrictions on affordable units.

EDA President Bailey said all right, thank you, Nate. Are there any questions on this one?

EDA Member Jean-Baptiste said so, I kind of have two separate questions. The first one is can you walk us through kind of like the, maybe with an example of the difference between the rental restriction and the income restriction?

Nate replied certainly, thank you, Member Jean-Baptiste. So, when it comes to income restrictions, in this project in particular, the developer, Roers, committed to 29 units at 50% Area Median Income (AMI). So, the tenants themselves have to go through an income verification process to confirm that the unit they're going into is an approved 50% AMI, and then they also have an additional 8 units at 60% AMI. So, really, when it comes down to income restrictions, the future tenant just has to meet that income threshold. They can charge market rent for that unit so long as their income qualifies for that unit, whereas rental restrictions, they need to do both; they need to have income verification and a rental restriction that needs to be 30% of that income, it cannot exceed that, so then rent is restricted based on which unit they go into, whether it's 50% AMI or 60% AMI.

EDA Member Jean-Baptiste said understood, thank you for that. My second question is I'm somewhat familiar with the 4d program in other cities, such as Minneapolis and St. Paul. I know that in those cities, the City typically has some sort of administrative component involved with it, where they're certifying the 4d status on an annual basis, kind of also setting up what the maximum rent should be, including utility allowance and things of that nature. Will the City of Cottage Grove have a similar role? Because I know at least, correct me if I'm wrong, as of right now, we don't necessarily have an Administrative 4d Department.

Nate replied I will defer to our Finance Director, Brenda Malinowski, on that question, thank you.

Director Malinowski replied thank you, Board Member Jean-Baptiste. Right now, they don't send those applications to us, but they send them to the State, and so, we've been involved in the past if there's been questions from residents of that housing; we're verifying with the State that those were turned in. And, remember, with that program, that in order for them to qualify for that 4d classification with the County for taxes, that has to be turned into the State; and, so, whether it comes into the City first and then goes onto the State, they can't qualify for that if they don't complete that required paperwork with the State. And, so, that's based on State Statute.

EDA Member Jean-Baptiste said got it, thank you.

EDA President Bailey asked if there were any further questions on this particular topic, and none were asked.

Motion by EDA Member Scott to Adopt Resolution 2026-003, which amends the TIF Agreement and Declaration of Restrictive Covenants with Roers to include rent restrictions on affordable units; second by EDA Member Jean-Baptiste. Motion carried: 3-1 (Nay vote by EDA Member Tschida).

E. County Road 19A & 100th Street Realignment - Plat Preparation
Staff Recommendation: Authorize the use of EDA Trust funds for the preparation of a plat for the County Road 19A/100th Street project corridor and surrounding 3M-owned parcels.

EDA President Bailey said Administrator Levitt will present this to us, so here you go, Jennifer.

Administrator Levitt said well, EDA President and Members of the EDA, once again you're going to hear and maybe feel my passion for all my engineering days coming back, so, I will apologize. As we talked about in last month's EDA Workshop, we talked a lot about 100th Street and the Langdon Area development. We talked a lot about pursuing funding for that 100th Street work, we talked about the different partnerships and grants that we already have to date.

So, as we move into the anticipated construction of 100th Street, next year at least being able to utilize the money that we have to date and not lose it, we are proposing that we would move towards bidding a project late this fall, with construction starting next year. As part of that, the realignment, as you can see 100th Street cuts across the 3M property; we've been working with 3M for a number of years in regards to this alignment, and they have committed to it. So, as part of the action that we're asking for today, is they have anywhere between 14 and 17 properties that we would actually need to plat to enable this to occur. The nice thing, and you're probably wondering well, why is the EDA involved? Because as we do this platting work, this is now making these lots and blocks developable into the future, so this is really an EDA action to use the funds from the EDA Trust Fund to pay for the platting. The good news is the City has agreed to do the platting for the County project, and then 3M, at this point, has essentially agreed to dedicate the Right-of-Way to us in lieu of an assessment for the 100th Street improvement, so, this has a significant value to us. But then this platting work will set the stage for future development in the area. So, that is the reason we are asking to use the EDA Trust Fund to cover the $75,000 for the platting activity. Bolton & Menk has been the engineer that has been working on the project thus far, for a number of years, working on our utilities that would connect the area, and we have a Master Service Agreement with them. So, at this time, we are just asking for the EDA to authorize $75,000 from the EDA Trust Fund to prepare that platting work for the project.

EDA President Bailey said all right, thank you, Jennifer. Are there any questions from the EDA on this particular one? None were asked.

Motion by EDA Member Tschida to authorize the use of EDA Trust funds for the preparation of a plat for the County Road 19A/100th Street project corridor and surrounding 3M-owned parcels; second by EDA Member Jean-Baptiste.
Motion carried: 4-0.

6. PUBLIC HEARINGS - None.

7. OTHER BUSINESS

EDA President Bailey said EDA Members, we will be moving to the Training Room for two workshop that we actually had postponed, I think, from our last meeting: Innovation Village and 100th Street Extension Update, and then the Business Retention and Expansion Program Workshop. So, we won't be adjourning from in here, we'll be adjourning in the Training Room. So, thank you all for watching this morning, and we'll head to the Training Room.

8. WORKSHOP - TRAINING ROOM

A. Innovation Village and 100th Street Extension Update
Staff Recommendation: Receive the Workshop presentation.

Administrator Levitt said well, Mayor and Members of the EDA, we kind of ended the last workshop really quickly on Langdon, and so we just wanted to circle back if you had any further questions on Langdon and what was being developed. Our big action that we're working on right now is with the Majestic; we've given the property owner an option to partner with us, that we would pay for the demo cost, and it would be on his pending assessment against his property until time of sale. He hasn't necessarily agreed to that yet, so we're giving him until approximately the 1st of June. If he disagrees, then we'll have to go through a formal condemnation process, which would maybe take us anywhere from 90-to-120 days to be able to demo the building. So, that's the status of the Majestic.

We talked about 100th Street, but we thought, well, it kind of ended so abruptly, we just wanted to see if there were any other questions or direction or things that you wanted to discuss about 100th Street and Langdon. If not, we would just kind of chat about the area.

EDA President Bailey said so, the only other thing, just for you guys here on the Majestic, if anybody ever asks you, the building is not salvageable. I just wanted to make sure everybody knows that because he thinks that there's some value in the building, or did, I don't know if he still does.

EDA Member Scott and if it's condemned, I mean, it's not. Administrator Levitt said it's posted.

EDA President Bailey said and one of the things we do is its an eyesore now, and people keep asking, so that's the purpose behind putting a little more pressure on at least getting it out of there, and then letting everything else kind of begin that development.

EDA Member Scott asked how long has it been empty, like 20? Administrator Levitt said 20 some years.

EDA Member Jean-Baptiste asked and did you conduct a blight analysis to set the stage for future development, was that done recently?

Nate replied we have not proceeded with that; there's an EDA action that would need to occur to accept those findings, but we have not done so until we have further clarity on the demolition timeline.

EDA Member Jean-Baptiste said and from my understanding, once the building is condemned, assuming that he takes no action, doesn't agree to, you know, our demolition proposition, but it gets condemned, it gets demolished, legally and technically, he's still the landowner. And how does that process work?

Emily Schmitz, Economic Development Director, said yep, so, he'll still own it. However, the cost is for the City to demo and obviously, leave it in a state where it's ready to redevelop, that cost will then be assessed on the tax roll, and he will be required, as the property owner.

EDA Member Jean-Baptiste said it can't even be developed until he decides to sell, no matter how much assessments are. Emily replied exactly.

EDA President Bailey said and I can, again, I know we're talking a little longer on this, but we, the EDA, actually tried to talk to him about the EDA buying it, because the EDA does own other land down there, and it would just kind of fit in the parcels. Right, is that what we all?

Nate replied yep, that's the yellow highlighted.

EDA President Bailey said so, we thought, well, since the EDA owns this other land, as it becomes available, if you have willing sellers, that's the purpose behind that, we thought well, we'll just buy the Majestic, because it makes total sense. But the price that he was asking for it was a little outrageous from what we, as an EDA, thought would be a reasonable offer. The rest of them, though, like the house on the end that we ended up doing a Fire Department burn on, when it came up, we had gotten a good agreement with them, and sure, we'll buy it. And then knowing that, as I know other cities, to your point, if you put more parcels together, it makes it a little easier, you control the development a little bit, but it makes it easier for somebody to come in and say, hey, I want to do this if you have the whole thing kind of put together. So, just FYI, it isn't that we haven't tried, we thought that we would buy it at one point.

Nate said I figured there'd probably be some sort of discrepancy between the buyer and seller on pricing.

B. Business Retention and Expansion (BR&E) Program Workshop
Staff Recommendation: Receive the Workshop presentation.

Administrator Levitt said so, now we'll move on to the BR&E discussion and get some feedback.

Nate said so this, President Bailey and Members of the Board, I've kind of kick started our BR&E, recently reignited it. So, Business Retention and Expansion is a cornerstone for all my activities at a local level. I've created kind of this template of what our goals and objectives should be for this year and going forward. So, I'll go through those briefly:

<u>Goals</u>: What I believe to be the goals of the Cottage Grove Business Retention and Expansion Program:

1. To make lasting relationships with business leaders and among elected, appointed officials.
2. Leading with a valued-added mentality, not necessarily going to the business for the City to achieve anything, but we want to support business activities.
3. Maintain regular contact with business leaders, so there's this theory in Economic Development and Business Retention and Expansion where the more touch you have with a business, the more likely they're to interact with you. So, having more frequent contact, as opposed to like set figures of connecting with businesses, more regular conversation.
4. Being prepared to act when a business needs something.

So, those are the four main goals that I see in Cottage Grove's Business Retention and Expansion Program.

Objectives:

1. Business Visits: When I started in December, my objective was to do 24 business visits throughout the year of 2026, and 12 of those being at least in-person conversations. I consider a business visit to be at least, you know, a half hour to an hour of conversation, whether we can do Zoom now or phone calls, but there's nothing that takes away from the in-person conversation, putting a name to a face, and having that conversation.
2. Who would be involved? Myself being the lead person on the BR&E, and then coordinating with the Chamber President, Laurie Levine. She's been very eager to be involved in these conversations with me. I'm more than happy to bring her along.
3. Maintain Regular Updates to the EDA: I'm hoping to at least present in the fall kind of a snapshot, in addition to what we're doing today, on how we're making progress for our Business Retention program.
4. Tracking those as well, all those conversations, and the data that was provided.

As far as kind of a template of what I would be bringing to the business, so kind of an inquiry, not necessarily like a survey, I think that could be a later step; we have done that in 2024 and 2023, prior years, kind of a master survey where we talked with business owners and try to get as much data as we can. I am leaning with a let's do more of an introduction conversation, and follow up with maybe some hard data in the future.

But in the meantime, as I do these introduction conversations, I do want to gain some data that I can present to the EDA and kind of give a snapshot of how things are going. So, with that said, as I build rapport, I'll look into who is on staff to be the contact person, I think that's a #1 step is to make sure I'm talking to the right person about who's managing the operation. Have a good understanding of their growth, decline, and employment needs, and also bringing ideas to the meeting. So, when I've set meetings thus far with business owners, I've had something to bring to them; for example, with the Country Inn & Suites conversation, it was a Façade grant that they had reached out on, and I said, well, let's talk about this and let's understand your business needs a little bit more, and today we did the action on their Façade Grant.

Then, lastly, for me, it's following through on my commitments and expectations and communications with those business owners, to maintain that level of trust and keeping the conversation moving.

And then, as of today, I've conducted 11 visits, these are the ones so far: Van Meter, The Madison, Dance By Kris, Voltas, 3M, Tradehome Shoes, LSP, Panamint Capital, Salon Fusion, Kwik Trip, Basic Needs, and Country Inn & Suites. And then I've kind of selected a few different businesses for the remainder of the year, to try to identify to have those visits with; this list is not like set in stone, these are just if I can get to these businesses, great, if another business kind of slides into that, wonderful, but trying to maintain a balance of like large industry, smaller business, not necessarily just focusing on one entity.

As far as the data that I have collected thus far, like I said, I've done 11 visits: 9 of those have been in person, 5 were kind of just initial breaking-the-ice visits, 3 of them were issue focused, and 3 of them were expansion related. Of the 11 businesses, 9 are experiencing growth, 2 are currently in a stable position.

Some of the key opportunities that I've identified for businesses in my visits: We have a significant amount of expansion opportunity for businesses, and we're trying to maintain the level of communication so that I can present opportunities for resources for our expanding businesses. Client lists are growing, businesses are being very intentional about diversifying revenue streams, so seeing a creative entrepreneurial mindset come forward in businesses is pretty inspiring. Businesses are seeing sales increase, and there is a desire to engage more with City officials and all that, and in events as well.

Some of the key challenges that businesses are facing: Rising costs of goods, number one, every time in my conversation, whatever the business is dealing with as far as the product they're creating or the service they're providing, it's all about the influx and the cost of those goods. Additionally, I would say most of these conversations did have a bit of building infrastructure-related issues, aging building, having to do some kind of upkeep, something's failing in the building. Not necessarily anything that the City has purview over, but it is a good data point to see where our commercial building stack is going, as far as aging, and kind of the needs of business owners. I'll say a few are having difficulty identifying sites for potential new construction, I think that lends to the idea that we may not have a significant amount of parcels, per se, that are ready for new business. A significant amount have asked for identifying grant opportunities and different State, so I've been in conversation with DEED on different programming and opportunities and trying to go forward with maybe some applications for resources. And I will say with the conversation directly with Country Inn & Suites, to have a good understanding that the hospitality industry is significantly unstable at this time. Starting in January, even until the end of 2025 and going forward, it's quite unstable to see that travel is down, gas prices up, and it's just a good data point for us to have as we have conversations with hospitality needs in our CVB.

As for some other kind of data points, 7 of the 11 businesses do need additional space; 3 of them are renovating existing space, and 1 of them had adequate facility needs. All of the businesses that I met with said public infrastructure was adequate, and when I asked that question around public infrastructure, it goes into even like policing and fire and across the board, all positive on City services overall. Workforce is adequate, and there were only 2 businesses that were introduced in workforce programs, and so I have connected them with some State agency programs.

As far as some follow-up items that I have been working on, as I mentioned previously, I'm working on some DEED incentives. I talked about local incentives around the Façade Improvement Program that we've just completed 3 in the last year, thus far. Different tax incentives, whether that's Tax Abatement or TIF. There have been significant need with the Business Development Services with our partners from MCCD, so that's the "Open to Business" program. Every month we have a business representative that meets here at City Hall with aspiring entrepreneurs to provide free business consulting services. They also have capital available for loans, and so trying to connect businesses with those resources is something that I'm working toward. Putting businesses in contact with Community Development staff, as far as Site Plan Review. We talked about ribbon-cutting information with a few different businesses, and continuing to introduce myself and other City staff when applicable.

Nate said so, some of the questions that I have for Board Members today are:

- What's the EDA's desire and goal for conducting business visits?
- Are there other intended outcomes that I may have missed in my goals and strategies?
- How engaged do Board Members want to be? Do you want to join in visits, do you want to offer additional contexts for me to meet with those business owners?
- Expectations of the Board around reporting by myself.
- Any additional goals for 2027 and 2028.

And I will leave us with that, as far as conversation is concerned.

EDA President Bailey said okay, thank you, Nate, but we only have a couple of us here, but is there any particular process or thoughts from either of you as it relates to what you want to get out of these visits, processes, or anything like that? Or if you want to be involved, too, I guess, is the other one. I think I'll just share real quick before them. In the past, EDA Members had gone on some of those business visits where they could, you know, to hear directly and I think it kind of shows the businesses that even though the EDA is a volunteer organization, that we care about the businesses. So, sometimes that's kind of nice, a show me, if you will. It's not required, but that's definitely an option, we've done that in the past. We have done a more formal survey in the past, so that's something, and if I recall, and I'm looking at Jennifer a bit on this; I believe when we did the formal survey, if there were certain questions that were asked, we did a follow up in person, is that correct?

Administrator Levitt replied yes, and some of them, yeah, we would do, I think we had like 42 from the Grove Minnesota Chamber that did the formal survey last time, and then we tried to meet with them in person.

EDA President Bailey said yep, so, I mean, personally speaking, other than the engagement piece, which I like, you know, from our staff standpoint, I actually do like kind of the formal process, too. Because then we have kind of the similar questions for each of them, and then taking those questions and maybe doing some follow up, depending on, I mean if somebody is saying everything's great, I'm good, don't need any visits or anything like that; but if somebody else says, you know, we're thinking about growing, or we're thinking about leaving the City, that to me would be a message where, okay, I need to go and engage this person or this business to see is it land, is it I can't expand, is it something wrong that, you know, we can help with? And that's kind of why I like that formal survey piece because you can pick things out of the survey that would be beneficial to us.

The only other thing I'll say that I thought was interesting, I believe in the formal survey, the one topic that came up, and I know it was a lot more businesses versus who you've met so far, was daycare. And that didn't come up so far that I saw, at least in what you were sharing. There was a need for childcare services or more childcare options or opportunities within the businesses in the Business Park. And then there was a little bit more on transportation, I believe, on that survey, too, and we're talking about more mass transit, like busing, and being able to get the workforce, which was typically from the East side of St. Paul, to Cottage Grove, and from Cottage Grove's Park and Ride to the businesses in the Business Park. So, those were just some of the things that came out of the formal survey that didn't necessarily come out of the individual survey, not to say it's not important to them, but it is kind of interesting to me.

EDA Member Scott asked and were those questions asked when you met with them, or is there like a standard set of questions that you were asking all of the businesses?

Nate replied I didn't go into as much detail as the Mayor is saying, it was kind of an introductory conversation; it's more or less getting a sense of where the business is headed and kind of getting more familiar with who I am and what I do. So, overall, kind of a strategy that I'm deploying is this year of familiarity that I'm gaining with businesses, and then following up with more of a formal survey in the next year or so. So that when a survey is deployed, I will have somebody that I know will be willing to complete that survey, so that we can gain some significant information. That's more in depth, as to what the Mayor's getting get.

EDA Member Scott said I didn't think that those surveys are going to do all that, get that information. And how many were, I know that I've seen those formal surveys in the past, when they do it, what is the answer rate on those surveys? Jennifer, do you know? I don't know.

Administrator Levitt replied I think last time we had 42 businesses respond, and that's usually; I mean, the last two times we've done it, I think 50 was our target goal, and I think as Nate had mentioned, he's really trying to get businesses of small, medium, and large scale size. And, so, sometimes we have difficulty kind of with that demographic scale to get equal measurements, but 50 is usually our target, and we haven't always hit 50.

Nate said I will say from my experience in working in Business Retention and Expansion, as it pertains to formal surveys, in particular, I had a mixed bag result working in Northfield with formal surveys. So, I have a bit of hesitancy around deploying them and making sure, because ultimately, I want a successful outcome with a formal survey. And, so, my tactic here is to gain trust and trying to build a cohort of members that I feel confident would at least be the core of our base for the formal survey, and then building out beyond that.

EDA President Bailey asked do you remember how, I know we said we wanted 50, do you remember how many they actually went out and did? I know we're asking questions that are old, but.

Administrator Levitt replied I think when Matt did it, I think we had 38 when we went out and met in person.

EDA President Bailey said and the only reason I bring it up, to your point, is what I recall somewhat is we did get a decent amount of Business Park responses, but when it came to small business, like Salon Fusion, or I'm just making that up because they're new, but you know, Mi Pueblo, or those kind of places, we didn't get anything. And I'm looking, I'm almost thinking maybe it's kind of a two-pronged approach, maybe it's okay, we've got these targets where we want to get info. We try the formal, and then if we don't get a response from formal, then we as staff and/or EDA Members or whatever, would then do an in-person stop in, like hey, we want to see if you got the survey, and we'd really like, and maybe they don't want to write it on paper, maybe they just want to talk, and I'm okay with that, too. So, I'm almost thinking there might be a hybrid in all of this because I do like what you're doing. I really like what you're doing when you're going out and getting feedback, but I also know there might be some value in having the questions be similar, so you can see true trends, other than what you're hearing from trends from individual conversations, so.

EDA Member Scott said it could be a phone call, too, to say if you don't want to fill out the paperwork, we're happy to have a conversation, either in person or via Zoom or whatever. I know when we do exercises and we're calling businesses, to me that's a lot of, you know, it's a hybrid approach that some people just don't like.

EDA Member Jean-Baptiste said yeah, I definitely appreciate where you're coming from, in terms of like more in person, because I felt like a lot of times these businesses get a lot of surveys, not just from us, but any type of organization you can imagine, and a lot of times those surveys end up in either your junk mail or at the bottom of your to-do list. So, maybe sometimes we don't get answers back because we don't ask what we want to, or some may not have the capacity; whereas if you have something on the schedule, I tend to let it drop on my calendar, so whatever's on that calendar is what's going to happen for that day. So, if it's on the calendar, it's more likely to happen, so I do think that you do need more of the structured data, that would help, and you look at it any way that you can, like this is in-person visits or even for follow-up visits, those would help as well. In terms of reporting, I think if you could just put something on, whether it's a quarterly piece or on a monthly piece basis, like your most recent visit, that way it's top of mind. Just a high-level overview of like, hey, here's two businesses that I went to, everything's great, or you know, here's something that was maybe somewhat of a common theme, whether it was daycare or expansion. Because, you know, a lot of these bullet points it kind of seems like in one way, shape, or form, expansion was kind of like a big thing, you know, real estate, expanding real estate, their footprint, things of that nature, seemed to be a common theme. So, just getting more of like a State of the State on that at our monthly meeting, or if you just want to do it once a quarter, that's fine, too, but I think that would be more top of mind for us, and maybe we can try to have more conversations and other action items that we prioritize.

EDA President Bailey said that sounds good. He asked if there were any more comments. I like your idea of quarterly, in essence?

EDA Member Scott replied yes. EDA President Bailey said and if there isn't anybody that quarter, you just say, you know what I mean?

EDA President Bailey said, so, but I do agree with you, I think just like you're learning, doing the in-persons, and it is very, very important. I guess that's what I'm saying a hybrid approach because we're also having an issue, and it's like instead of getting some of these smaller businesses, the mom and pops, to actually respond; maybe, to your point, maybe it is going to have to be, you're going to have to go into those smaller businesses just to see what it is, but on the other hand, just for this group, what was kind of cool is when you talked, you just mentioned it about expansion. Your having the conversation with two of those businesses in the Business Park, specifically, Van Meter and Tradehome, really helped pave the trail, if you will, because we were able to help both of them basically try to get additional funding dollars from the State, you know, to even them up, and getting to have that better relationship with us. And both of them are going to be expanding in Cottage Grove, as we all know from the last meeting, Tradehome Shoes, is a good example. And then Van Meter, basically is almost doubling in size, so.

EDA Member Jean-Baptiste said so, I really see ourselves to kind of be a good facilitator between the businesses and outside agencies. As a quasi-government entity, we may have certain contacts that they may not have, or know the processes a little bit better, or can direct them a little bit more efficiently. So, I would say, I think for a lot of businesses, that kind of effort goes a long way. So, I think it'll definitely get us some good things, if you will.

EDA President Bailey said that's actually a really good comment because one of the things that we found out is there are some I'll call it pots of money, or options out there for funding sources through the State that we knew about. But when a business is too far along on their development piece, or redevelopment, or whatever, some of those tools are no longer available because you're not there yet. So, maybe as part of the conversation that you're having, and maybe you're already doing this with these questions, but is do you have any thoughts going forward about expansion or whatever? Because we have some tools in our toolbox that we can help you with, making sure that you might qualify for certain funding pots of money or funding dollars. At this point, that one case, they were too far along, and there's no way that the agencies at the State are going to give grant money on a project that's already been approved, so, or it was moving forward, I guess. So, just, yeah, good call.

EDA President Bailey said okay, are we good, you got what you need, Nate? Nate replied yes, sir.

9. PRESENTATIONS - None.

10. ADJOURNMENT

EDA Member Scott made a motion to adjourn; second by EDA Member Jean-Baptiste. Motion carried: 3-to-0.
The meeting was adjourned at 8:25 a.m.

Respectfully submitted,

Nate Carlson, EDFP
Economic Development Manager

NC/jag

Economic Development Authority Action Request

4.B.

Meeting Date	8/11/2026
Department	Economic Development
Agenda Category	Action Item
Title	Approval of July 14, 2026 EDA unofficial meeting minutes
Staff Recommendation	Approval of July 14, 2026 EDA unofficial meeting minutes.
Budget Implication	
Attachments	1. 2026-07-14 EDA Unofficial Meeting Minutes

COTTAGE GROVE **July 14, 2026**
ECONOMIC DEVELOPMENT AUTHORITY
12800 Ravine Parkway South
Cottage Grove, MN 55016
COUNCIL CHAMBER - 7:30 A.M.

The Regular Meeting of the Economic Development Authority was held in the Council Chamber and telecast on Local Government Cable Channel 16.

1. CALL TO ORDER

EDA Vice President Olsen called the July 14, 2026, Economic Development Authority Meeting to order at 7:30 a.m.

2. PLEDGE OF ALLEGIANCE

EDA Vice President Olsen asked everyone to stand and recite the Pledge of Allegiance.

3. ROLL CALL

Alexa Anderson called the roll: EDA Vice President Olsen-Here; EDA Member Scott-Here; EDA Member Tschida-Here.

Members Absent: EDA President Bailey, Excused
EDA Member John-Baptiste, Execused
EDA Member Khambata
EDA Member Latack

Staff Present: Jennifer Levitt, City Administrator
Alexa Anderson, Communications Specialist
Nate Carlson, Economic Development Manager
Emily Schmitz, Community Development Director

EDA Vice President Olsen said with that Roll Call, we do not have a quorum for our meeting today, which means we can have our meeting but, unfortunately, we won't be able to vote on any of the items that are on today's agenda.

4. APPROVAL OF MINUTES

A. Approval of May 12, 2026, EDA Meeting Minutes
Staff Recommendation: Approval of May 12, 2026, EDA Meeting Minutes.

There was no vote on this item.

5. BUSINESS ITEMS

A. Community Development Update
Staff Recommendation: Receive the Community Development Update.

EDA Vice President Olsen said Nate, I believe you've got this one.

Economic Development Manager Nate Carlson replied yes, Good Morning, Members of the Board and EDA Vice President Olsen. I will go over the Beige Book highlights from the Federal Reserve Bank, as well as our Community Development Update here in a moment.

Beige Book: Overall, economic activity is a bit kind of all over the place in Minneapolis and the surrounding areas: Employment: Has risen slightly. Wage Growth: Modest to moderate. Prices: Increased sharply. Manufacturing: Grew. Construction: Grew. Financial Services: Grew. Consumer Spending: Was flat. Tourism: Was flat. Energy: Was flat. AG Conditions: Continue to remain weak.
Community Development Updates: Van Meter Expansion: We celebrated a groundbreaking for Van Meter, as they are undergoing a current expansion effort. Installation of the footings for the building addition and storm pipes have started. The site excavation continues. The erection of the exterior pre-cast concrete wall panels is now complete with steel columns, beams, and roof bar joist to start in July. Park Grove Library: The demolition of the existing building is still ongoing. Installation of the footings, foundation waterproofing, and foundation insulation for the building addition is complete. The underground plumbing work has started. Roers Apartments: The installation of the foundation footings and exterior block walls is complete. Installation of the foundation drain tile, foundation waterproofing, precast columns, beams, and floor slabs are underway. Hadley Ridge Apartments: Installation of the underground plumbing and parking garage concrete are complete. Installation of the civil storm pipes has started. Installation of the 1st, 2nd, and 3rd floor exterior and interior walls have been completed, and installation of the 4th floor walls continues. Cedarhurst Mansion: Framing continues for the new addition. Demolition of a small section of the 2nd floor has started, to comply with ADA requirements for accessibility, while framing for the porch decking is underway. Water Tower: The steel tank has been raised up from the ground and installed at the final location. The interior installation of the processes piping continues. The painting of the exterior steel tank and installation of the Cottage Grove logo are complete.

Nate said that's all I have and I'll stand for any questions, no questions were asked.

EDA Vice President Olsen asked Nate if he could please just take a moment and remind people where the Roers Apartments and the Hadley Ridge Apartments are located in the community.

Nate replied certainly, EDA Vice President Olsen. You can see the Roers Apartments from Highway 61 and it's just north of 80th Street, kind of tucked away off of a cul-de-sac. The Legends is also there, so you go past Kohl's and you take a left, and it's down at the end of the cul-de-sac where the construction is occurring. The Hadley Ridge Apartments are the northern piece of that 100th and Hadley intersection.

B. Agreement for Professional Services - Dowdle Studios, LLC
Staff Recommendation: Approve Agreement for Professional Services with Dowdle Studios, LLC authorizing online sales assistance for the remaining inventory of City of Cottage Grove jigsaw puzzles.

EDA Vice President Olsen said this is another item that we won't be able to vote on this morning, but perhaps you could go through this presentation so the public will know what it is we're looking at this morning.

Nate replied certainly. EDA Vice President Olsen and Members of the Board, today before you we have a Professional Services Agreement with Dowdle Studios. A brief history of this project is the EDA approved an agreement in December 2023 with a puzzle creator, whose last name is Dowdle, to create custom puzzles for the City of Cottage Grove. The EDA purchased 3,000 of those 500-piece and 1,000-piece puzzles to sell. All in, the EDA has invested $122,300, and we sold puzzles for the last couple years at $25 for the 500-piece puzzles and $28 for the 1,000-piece puzzles, with a significant marketing campaign over the last few years. However, almost 1,600 puzzles still remain. So, we've been working internally to come up with strategies on how to continue to deploy and sell additional puzzles. In working with Dowdle, the puzzle creator, he has an online platform; so, the idea is to leverage their platform to sell additional puzzles, which we have not currently done.

As far as some of the finances attributed to this project, the art commission was the largest piece of the investment for the puzzle at $75,000. The costs that get us up to the $122,300 are the actual printing and production of the puzzles, as well as deploying those puzzles, staff time, and postage for selling them. We also did a significant unveiling ceremony that was costly in order to get word out that this was happening.

As far as some recovery tactics, back when this was proposed to the EDA, it was clear that the idea was we wouldn't necessarily recover everything. This was very much a community celebration piece, trying to get more attention to the EDA and City. So, in my review of the minutes pertaining to the agreement, initially there was about a $33,000 exposure that the EDA would have to break even. Where we currently stand with revenue to date, of approximately 1,500 puzzles we sold, we've received about $37,500, which matches the cost that we put into production of those puzzles. With this new agreement, as well as continued efforts to sell, there's the possibility to recoup approximately another $24,000.

So, in total, instead of the EDA initial exposure being about $33,000, there's the possibility that the EDA would be out about $61,000.

With that said, continued goals for the next year are to continue the marketing push and liquidate all puzzles to recover a portion of the EDA investment. Nate showed photos of promotional efforts that were done over the last few years, and said I'm also joined by my colleague, Alexa Anderson, who has been very helpful in deploying these promotional items; she can come to the dais if there are further questions regarding the marketing push. There was a holiday social promotion, a puzzle frenzy competition hosted by Park and Rec in 2025, and there's been a large 10-foot coloring sheet at the Food Truck Festival and the Hometown Holiday to bring more attention to the puzzles.

Nate said I'll pause here since we can't take any action on this item in case there are any questions on the finances of the project as well as the marketing.

EDA Vice President Olsen said I do have one question. Have we considered donations with respect to some of or all of the remaining stock? We have several nonprofits in the community, for example, Basic Needs, that are 501(c)(3)s that may benefit from a donation of a portion of the puzzles. They could then potentially sell those at a significantly reduced rate or use those in some of their outreach efforts. I'm just curious if that has come up in conversation. I'm not an accountant, by any stretch of the imagination, but sometimes we can enjoy a benefit from donations to a 501(c)(3) in terms of tax liabilities, etc. I'm not sure if that's something that the City is eligible for or not, but I just wondered if that was part of the dialogue. I saw Jennifer raise her hand, so I'll let her take this.

City Administrator Jennifer Levitt said well, thank you, Mr. Chair, Members of the EDA. We have looked at partnering with businesses in the community to sell the puzzles to them at our wholesale price and then just let them sell them at whatever price they desire; unfortunately, that has not been successful. We tried from small boutique businesses to large businesses, like Walmart, and we haven't gotten any interest. Some of the challenges in regard to the value of the puzzle is the stock is valued at over $22,000, and so for us to make a donation, we would probably need to consult with our attorney in regard to how that aligns with our Public Purpose Policy; so, that would probably be a different action. At this time, our goal is to try to get as much cost recovery as possible for the EDA.

EDA Vice President Olsen replied understood, I appreciate that, thank you very much.

EDA Member Tschida said so, I know we were selling them for $25 and $28. Do we know what the Dowdle team is going to sell them for online, and then do we know what the City is going to get back from that?

Nate replied thank you for the question. I had an additional slide to kind of go over the agreement terms. Basically, to answer your question, EDA Member Tschida, $15 is what we'd be selling it for online. There'd be a process where they list, there's a fulfillment strategy of how we would get those puzzles to the consumer, and we would then ship it, and then the Dowdle team would send us a check for however much was sold on their platform, because they would be the ones accepting the payment.

EDA Member Tschida said okay, so the City's getting $15 back per puzzle? Nate replied that's correct. EDA Member Tschida asked but do we know what Dowdle's charging them for it? I'm assuming they're making some money in this.

Nate replied no, it's $15. EDA Member Tschida said, oh, okay, fair enough. Nate said no, there's no upcharge. EDA Member Tschida asked so, if we're lowering the price to $15 through their platform, are we doing it through our other platforms as well?

Nate replied that's correct, and EDA Member Tschida said okay, perfect.

EDA Vice President Olsen said okay, good question. As we're not able to take action on this today due to the fact that we don't have a quorum here this morning, he asked Nate if we have any further information on this item.

Nate replied not at this time, sir.

EDA Vice President Olsen said okay, thank you. Well, I appreciate the feedback there, and certainly it feels like there's been a lot of thought put into how we move through the remaining inventory. I would agree that it was something that was very exciting at the time, and I know that Eric Dowdle is very well-known, well-respected folk artist. Having him in the community was definitely a lot of fun, especially when he was able to sign puzzles and give them away, etc. So, the level of attention that it brought to the community I certainly think was worth the investment. I'm excited that pretty much everybody in my family now has one of these puzzles in their closet for generations to come.

C. Resolution Designating a Certain Building as Structurally Substandard - Majestic Ballroom
Staff Recommendation: Adopt Resolution 2026-004 which designates the Majestic Ballroom a substandard building in accordance with the laws governing a Redevelopment Tax Increment Financing District.

EDA Vice President Olsen said again, this is an action item for which we will not be able to vote. He asked Nate to just take a few minutes and walk us through this item, as we would appreciate that for the public's edification.

Nate replied certainly, Vice President and Members of the Board of the EDA. Before you is an action to declare a building substandard in an effort to preserve the opportunity for future tax incentives; that building is the Majestic Ballroom building. It has sat vacant for over 20 years, was last utilized in 2005 by an equipment business. Following that business closure, whoever the previous owners were removed the HVAC unit, which left a pretty sizeable hole at the top of the building. It was boarded up, which has led over the last two decades to increased mold, asbestos, standing water, wildlife, so a rapidly deteriorating building. At this time, it is structurally unsafe and not in a place of renovation, it is unsafe and beyond repair. Nate displayed exterior and interior photos of the building taken during an inspection done in March 2026.

So, what has been presented for the EDA to hopefully take action on in the future is to declare that this building is structurally substandard; that is due to the State Statute that clarifies how a community can set up a Redevelopment TIF District. In order to do so, the City must hire a third-party contractor, in this case it was LHB, and they produce a report that identifies why a building would be structurally substandard according to the Redevelopment TIF State Statute. I've worked with LHB on a number of redevelopment projects, and we need to do this action prior to demolition because if we were to try working through a Redevelopment TIF District after demolition, there would no longer be a building, which would not qualify for a Redevelopment TIF District. Now, the question is why would we want to? This is simply an action to preserve the opportunity, there is no imminent development at this time. It is part of the larger Innovation Village Small Area Plan. Also, the EDA has interest in the surrounding property, as we've discussed in a previous work session. So, there's a significant interest from the City's standpoint that development would occur on this site, with the potential of a Redevelopment TIF being requested.

Just to clarify a little bit on what it means to be structurally substandard, according to State Statute and the TIF language, this is State Statute Section 469.174, Subd. 10(b): *"Structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout, and condition of interior partitions or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.* So, if a building is blighted, if it is structurally unsound, if there are significant environmental conditions within the building that would preclude any type of renovation safely, that would signify the building is structurally substandard, according to the State Statute. There's a whole separate avenue for a building to be condemned under our Building Division, but in this instance, we are talking specifically about what it is to be structurally substandard within the Redevelopment TIF language.

EDA Vice President Olsen said okay, thank you very much for the presentation. Do we have any questions for Nate?

EDA Member Scott said so, there was an owner for this particular building, correct? And is that owner involved?

Nate replied that's a great question. Additional information on this project: We have been working internally with the owner, we being the Community Development Department and myself, to work through a Deferred Assessment Agreement. So, the process being when we can get the EDA to approve these findings, we can bring forward a demolition quote to the Council. It is set up for tomorrow evening, and we'll have to decide on what to do going forward. But, yes, there is a path forward where the City would incur the costs upfront, we would assess the current owner of the property for the demolition costs, and then, at the time of sale, the City would be reimbursed via that Deferred Assessment Agreement.

EDA Member Scott replied okay, thank you.

EDA Vice President Olsen said that was a good question and asked if there were any other questions. None were asked. He said again, this is an action item for which we are unable to vote. I am curious since the EDA is unable to vote today, what does that do to this item?

Administrator Levitt replied, Mr. Chair, Members of the EDA, we'll need to consult with legal counsel if the City Council could take action in regard to designating it as a substandard building at their meeting tomorrow night in order to keep the project moving, or if we'll need to pull it from the Council Agenda and bring it forth at your first meeting in August.

EDA Vice President Olsen said okay, thank you very much for the update there.

6. PUBLIC HEARINGS - None.

7. OTHER BUSINESS

8. WORKSHOP - None.

9. PRESENTATIONS - None.

10. ADJOURNMENT

Motion by EDA Member Tschida to adjourn the meeting; second by EDA Member Scott. As there was no quorum, the meeting was adjourned by unanimous consent.

Respectfully submitted,

Nate Carlson
Economic Development Manager

/jag

Economic Development Authority Action Request

4.C.

Meeting Date	8/11/2026
Department	Economic Development
Agenda Category	Action Item
Title	Approval of July 27, 2026 EDA Special meeting minutes
Staff Recommendation	Approval of July 27, 2026 EDA Special meeting minutes
Budget Implication	
Attachments	1. 2026-07-27 EDA Special Meeting Minutes

COTTAGE GROVE **July 27, 2026**
ECONOMIC DEVELOPMENT AUTHORITY - SPECIAL MEETING
12800 Ravine Parkway South
Cottage Grove, MN 55016
REMOTE SETTINGS - 12:30 P.M.

A Special Meeting of the Economic Development Authority was held remotely, via YouTube, and telecast on Local Government Cable Channel 16.

1. CALL TO ORDER

EDA Vice President Olsen called the July 27, 2026, Special Meeting of the Economic Development Authority to order at 12:30 p.m.

2. PLEDGE OF ALLEGIANCE - Not Done

3. ROLL CALL

Jaime Mann called the roll: EDA President Bailey-Arrived after Roll Call and Approval of the Agenda; EDA Vice President Olsen-Here; EDA Member John-Baptiste-Here; EDA Member Khambata-Here; EDA Member Latack-Here; EDA Member Scott-Here; EDA Member Tschida-Here.

Members Absent: None.

Staff Present: Jennifer Levitt, City Administrator
Jaime Mann, Assistant to the City Administrator
Nate Carlson, Economic Development Manager

EDA Vice President Olsen said I'm going to turn the meeting over to our Economic Development Manager, Nate Carlson, as he will be handling today's agenda for us.

Manager Carlson asked EDA Vice President Olsen can we ask for approval of the agenda before we begin? EDA Vice President Olsen replied we certainly can. I'll seek a motion to approve today's agenda.

4. APPROVAL OF THE AGENDA

EDA Member Khambata made a motion to approve the agenda; second by EDA Member Tschida. Roll Call Vote: EDA President Bailey-No vote; EDA Vice President Olsen-Aye; EDA Member John-Baptiste-Aye; EDA Member Khambata-Aye; EDA Member Latack-Aye; EDA Member Scott-Aye; EDA Member Tschida-Aye. Motion to Approve the Agenda carried: 6-0.

5. BUSINESS ITEMS

A. Resolution Designating a Certain Building as Structurally Substandard - Majestic Ballroom
Staff Recommendation: Adopt Resolution 2026-004 which designates the Majestic Ballroom a substandard building in accordance with the laws governing a Redevelopment Tax Increment Financing District.

Economic Development Manager Nate Carlson said thank you, EDA Vice President Olsen. The sole item on the agenda this afternoon is the Majestic Ballroom Substandard Building Designation.

I'll begin with an overview of the Majestic Ballroom: It's been vacant for over 20 years, it was last used in 2005 by an equipment business in roughly 1999, that's when the last ballroom activities had occurred. Since then the building has fallen into significant disrepair, there is removal of the HVAC unit from the top of the building without patching, which has left the building exposed for over 20 years, creating an environment for mold, asbestos, standing water, and wildlife. According to the building inspection and building official, this building is unsafe and beyond repair.

On the screen, you have some recent photos from an inspection back in March 2026. The action before the EDA, when we get to the resolution here, is adopting findings that this building is substandard, according to State Statute, Section 469.174, Subdivision 10, it's to declare that this building is structurally substandard as a means to set a future Redevelopment TIF District. In order to do this, communities need a third-party contractor to review and inspect this building or the properties, and that has been completed. LHB was the contracted entity, which is included in the packet for your review.

Additionally, following the inspection and drafting of a report and findings, the EDA and Council must adopt these findings that the building is structurally substandard, and I have reference to that and the conditions of building test and corresponding subdivisions of State Statute on the screen.

Additionally, EDA Members should know that the action before you does not guarantee any future TIF assistance, and a future developer must demonstrate a but, for analysis. The EDA and City have three years following the demolition of a building to set up a TIF District, and this is strictly a proactive measure, advised by your Economic Development staff and financial consultants. There is no imminent development, and this was part of the Council's long-term Strategic Initiative as part of the Innovation Village development.

Lastly, I'll state that the City Council on July 15, 2026, took the following actions:

- They declared that the building was substandard.
- They approved a Deferred Assessment Waiver to assist with future reimbursement of the demolition costs.
- They awarded the demolition bid, and the demolition is set to be scheduled following the action from the EDA today.

At this time, I have a recommendation of a motion on the screen.

Recommendation: By motion: Approve Resolution 2026-004, which designates the Majestic Ballroom a substandard building in accordance with the laws governing a Redevelopment Tax Increment Financing District.

EDA Vice President Olsen said thank you, Nate. Do we have any questions for Nate regarding the issue with the Majestic or the Resolution that was in the packet?

EDA Member Khambata said I've got a question: I know that this site has been a point of conversation for many years. What was preventing the City from taking these steps sooner, or were there other workarounds that we were trying to approach before taking this action, which is a drastic step, towards spurring redevelopment?

Administrator Levitt replied Mr. Chair, Members of the EDA, I would say it was really the property owner, we were trying to work with the property owner. He had looked at a variety of options for redevelopment and reuse of the facility, and then when it became evident, especially by the photos and the documentation that we have, that the building was not salvageable for redevelopment, then we were able to enter into an agreement with him for the demolition of the building. So, hopefully, now that this site, with not having that liability on it, will be back on the market in a strong position.

EDA Member Khambata said and then one follow-up question, which was the cost of the demolition, the City's going to front and then assess the property for that, and then the City gets reimbursed when and if the property sells. Is that accurate?

Administrator Levitt replied Mr. Chair, Members of the EDA, yes, the City, through the EDA Fund, would actually front the money for the demo work, and then the Deferred Assessment Waiver indicates that once he sells the property, at time of sale, we would get the reimbursement for that.

EDA Member Khambata replied thank you.

EDA Member Latack said I have one question: Would we be first in line on that, would Cottage Grove be first in line as far as getting reimbursed, if there are any other creditors?

Administrator Levitt replied Mr. Chair, Members of the EDA, the way that a deferred assessment works is different than a lien that would be put on the property. At time of sale, that would be captured because it is recorded against the property. So, I guess in one respect, that would say we're first in line, we're essentially trumping the liens on the property at time of sale.

EDA Member Latack replied okay, thanks.

EDA Vice President Olsen asked if there were any other questions, none were asked. He said so, obviously, we had this item on our previous EDA Meeting agenda, but we did not have a quorum, so we were not able to vote on the item. I appreciate you all being here today so that we can take action on this item. If there are no further questions, I will look for a motion that would reflect the recommendation by staff.

Motion by EDA Member Khambata to Approve Resolution 2026-004, which designates the Majestic Ballroom a substandard building, in accordance with the laws governing a Redevelopment Tax Increment Financing District; second by EDA Member Scott. Roll Call Vote: EDA President Bailey-Here, finally; EDA Vice President Olsen-Aye; EDA Member John-Baptiste-Aye; EDA Member Khambata-Aye; EDA Member Latack-Aye; EDA Member Scott-Aye; EDA Member Tschida-Aye. Motion carried: 7-0.

EDA Vice President Olsen said okay, so that motion passes. He said, Jennifer, one other question, for you or for Nate, is understanding that the Council's already taken action on this item, and we were just waiting for the EDA to take action, what does the timeline look like for next steps?

Administrator Levitt replied Mr. Chair, Members of the EDA, we're anticipating a pre-construction meeting this week, and we're anticipating in the next two weeks, the contractor would start to mobilize to the site.

EDA Vice President Olsen replied outstanding, so, we're talking pretty quick action here; Administrator Levitt replied that is correct, sir.

EDA Vice President Olsen said wonderful, and since the mayor and the EDA President Bailey is now on, I'll allow him to take over the rest of the meeting here. We are at Item 6, Public Hearings, mayor.

EDA President Bailey said actually, Council Member Olsen, go ahead. Being as it took me forever to get on, you just go ahead and keep going. I'll cede to you, to which EDA Vice President Olsen replied thank you.

6. PUBLIC HEARINGS - None.

7. OTHER BUSINESS - None.

8. WORKSHOP - None.

9. PRESENTATIONS - None.

10. ADJOURNMENT

Motion by EDA Member Khambata to adjourn the meeting; second by EDA Member Scott. Roll Call Vote: EDA President Bailey-Aye; EDA Vice President Olsen-Aye; EDA Member John-Baptiste-Aye; EDA Member Khambata-Aye; EDA Member Latack-Aye; EDA Member Scott-Aye; EDA Member Tschida-Aye. Motion carried: 7-0.

Respectfully submitted,

Nate Carlson
Economic Development Manager

/jag

Cottage Grove
Where Pride and Prosperity Meet

Economic Development Authority Action Request

5.A.

Meeting Date	8/11/2026
Department	Economic Development
Agenda Category	Presentation
Title	Community Development Update
Staff Recommendation	Receive the Community Development Update.
Budget Implication	
Attachments	1. Beige Book - July 2026 2. Development Update 2026-08-11

Federal Reserve Bank of Minneapolis

Summary of Economic Activity

Economic activity increased slightly in the Ninth District since the previous report. Employment grew moderately, while wage growth was modest to moderate. Prices increased moderately, and input price pressures remained elevated. Growth was noted in services, construction, commercial real estate, and manufacturing. Consumer spending, residential real estate, and energy activity were flat. Agricultural conditions worsened slightly.

Labor Markets

Employment rose moderately since the last report, with Minnesota and Wisconsin employers reporting stronger labor demand than western District states. Surveys showed that hiring demand remained positive and employers were also reporting improved labor availability. A staffing company with offices in multiple District states reported that job orders remained healthy, and fill rates have been creeping steadily higher. A Wisconsin contact reported that Main Street retailers were "in the best staffing shape they have seen in years." Among manufacturers, "business activity isn't uniformly booming . . . but the widespread [labor] desperation that characterized previous summers has largely dissipated." However, employers still noted shortages of skilled workers and those interested in weekend and night shifts. Multiple sources reported growing presence of artificial intelligence in the hiring process. As one source put it, "AI is actively reshaping the hiring landscape rather than causing mass displacement."

Wage growth was modest to moderate, with continued signs of softening. Surveys found that wage pressure remained steady and relatively moderate. But numerous sources noted easing wage pressure. "Widespread upward wage pressure and runaway starting incentives have largely flattened," said one contact, and employers were using the opportunity to "reset expectations." A mall contact reported that wage growth was flattening for tenants. "We find ourselves no longer in a bidding war for talent."

Prices

Prices increased moderately, a reduction in the pace of increase since the previous report, but input price pressures remained elevated. In a monthly survey, only about a quarter of firms reported increased prices to customers in June from the month earlier, but nearly half reported increases in their nonlabor input prices for the month. Expectations for July were higher for prices charged, but more moderate for input prices. Manufacturing contacts continued to report elevated raw materials prices, especially for metals and polymers, but increases appeared to have slowed in recent weeks and contacts were having an easier time passing them on to customers. Wholesale price pressures remained very strong in June, according to a regional manufacturing index. Construction contacts reported input prices increased notably over the last few weeks; they expected further increases in the upcoming weeks, particularly for steel, copper, and plastic inputs. Retail fuel prices in District states decreased since the last report, returning to mid-April levels. Prices received by farmers increased in May from a year earlier for soybeans, wheat, sugar beets, canola, hay, cattle, hogs, and turkeys; prices decreased from a year earlier for corn, barley, pulse crops, potatoes, chicken, eggs, and milk.

Worker Experience

Job seekers faced a shrinking number of open positions across a wide range of occupations. Those looking for employment as stockers, nursing assistants, heavy machinery operators, or customer service representatives had relatively better odds of finding a job. Many workers, particularly those with lower incomes, were actively job hunting to improve their financial situation. Elevated gasoline prices were hurting many workers' budgets. "It is more expensive to get to and from work," shared a northeast Minnesota contact, adding that commuting distances are particularly long in rural areas.

Consumer Spending

Consumer spending was flat since the last report. Retail survey respondents reported soft sales of late. "We continue to see hints of more spending discretion" among shoppers, said a mall contact. A South Dakota retail contact reported that tourism-based activity was "not amazing, but better than many expected," adding that wealthy individuals continued to spend while middle- and lower-income shoppers "are watching their spending." Sales of big-ticket items were mixed. Two vehicle dealerships saw improved recent sales and were optimistic about summer sales. However, sales of home furniture and related goods were reportedly down. Several sources cited the negative impact of higher gas prices on overall spending; they also noted a transactional shift from cash and debit to credit, where credit card fees cut further into profitability, especially for small firms. A convenience store chain reported that basket size remained steady, year over year, but average costs were almost 4 percent higher. Hotel vacancy rates were mixed but flat overall across District states. Airline passenger traffic was also flat, but Montana airports saw rising travel.

Services

Activity among services firms edged up slightly over the most recent period. Firms in finance, insurance, and real estate reported better conditions than those in other service areas. Labor demand rose across most subsectors except for information technology. Several contacts commented on the struggle to find qualified workers. Nonlabor input costs increased considerably for many firms. The owner of an auto repair shop said that "oil and lube prices have increased twice in the last month," prompting them to raise their own prices. They expected the summer travel season to increase their sales, but acknowledged that "with gas prices still high, our customers may not travel."

Construction and Real Estate

Activity among construction firms increased modestly on balance. Head counts and labor demand were higher, mostly due to seasonality. The president of a Minnesota firm said that while the summer was busy, they were still looking for projects for later in the year. Another contact commented on the anemic bid environment, expecting a substantial slowdown. "If you are not directly involved in data center work, the broader construction market feels relatively weak," shared an electrical contractor in North Dakota.

Commercial real estate rose slightly since the last report. A lack of new construction in many segments has helped existing landlords with vacancy rates and leasing activity. The industrial sector was an exception, where new development has pushed vacancy rates higher. Retail leasing and occupancy have been healthy, with rising activity in suburban and exurban communities. Residential real estate was mixed; home sales in May rose modestly across Minnesota, but they were flat in Minneapolis-St. Paul and fell in most large markets in other District states.

Manufacturing

District manufacturing activity increased modestly since the last report. Manufacturing survey respondents reported an increase in orders on balance in June compared with the prior month, and month-ahead expectations were positive. An index of regional manufacturing conditions indicated that activity increased in Minnesota, North Dakota, and South Dakota in June from the previous month. However, contacts continued to report substantial volatility. An equipment producer said recent sales were "erratic" and added, "there is a sense that overall demand is softening."

Agriculture, Energy, and Natural Resources

Though crop progress and conditions were generally good, District agricultural conditions worsened slightly since the last report. Corn and soybean progress was on par with their averages in

District states, and most crops were in good or excellent condition, but wheat in Montana and South Dakota was mostly in fair or worse condition. Contacts reported that a recent sell-off in commodities was having a depressing effect on already-low crop prices; “Farmers [are] selling out due to poor markets and [inability] to get operating loans,” commented a Minnesota farm operator. Oil and gas exploration activity in the District was unchanged since the previous report. Output at District iron ore mines was steady.

For more information about District economic conditions visit: https://www.minneapolisfed.org/region-and-community.

TO: Economic Development Authority

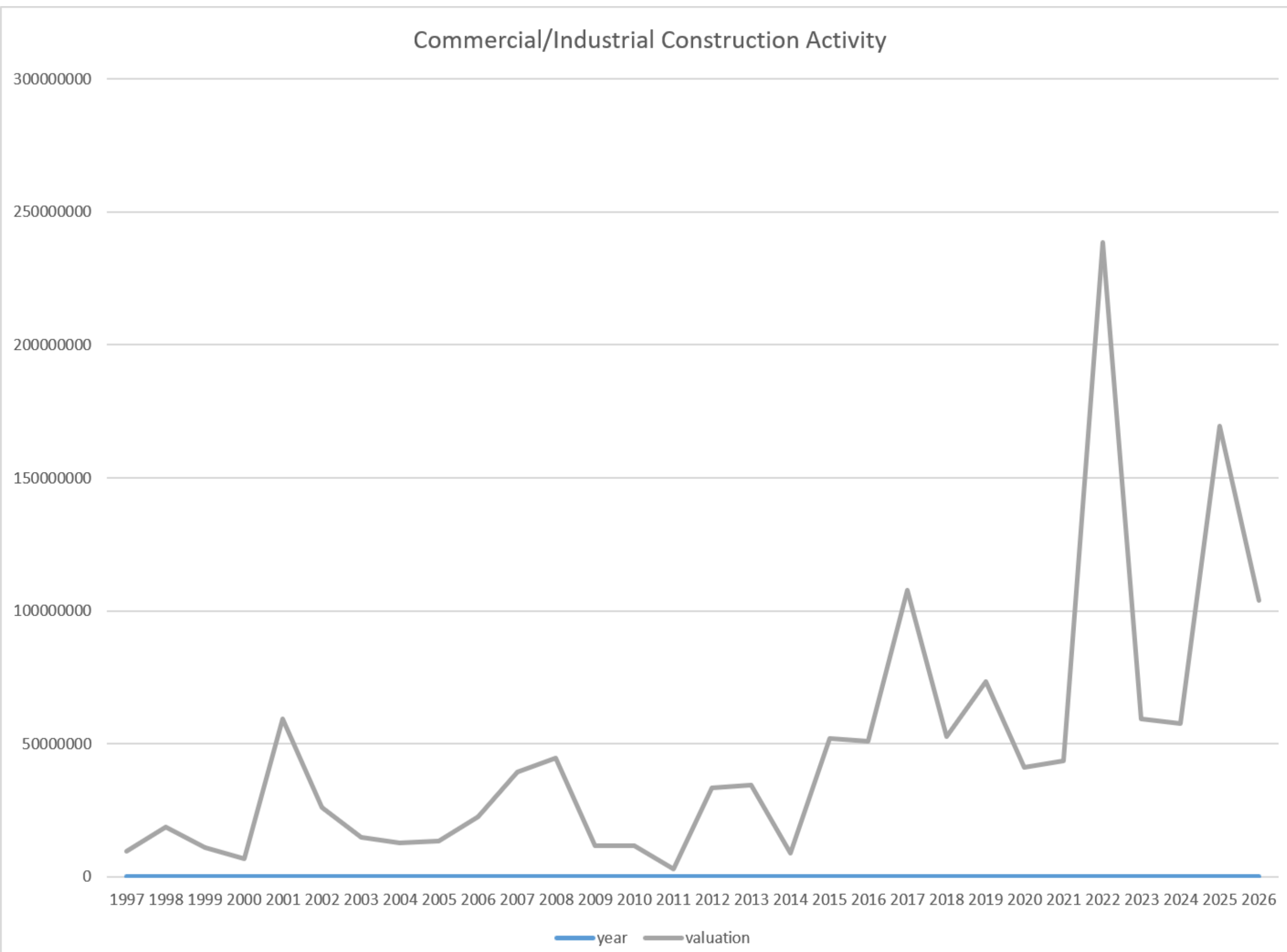
FROM: Emily Schmitz, Community Development Director

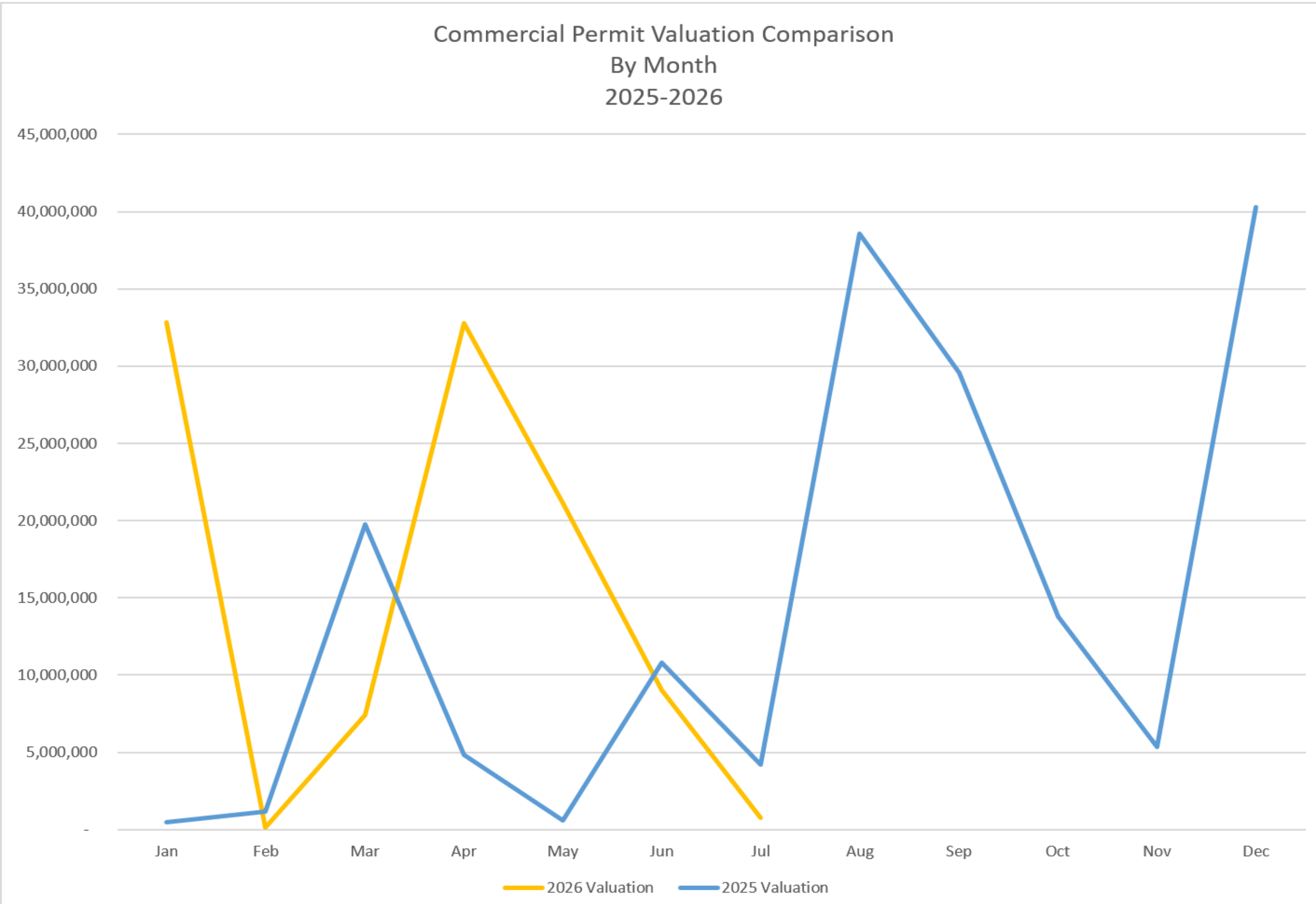
DATE: August 3, 2026

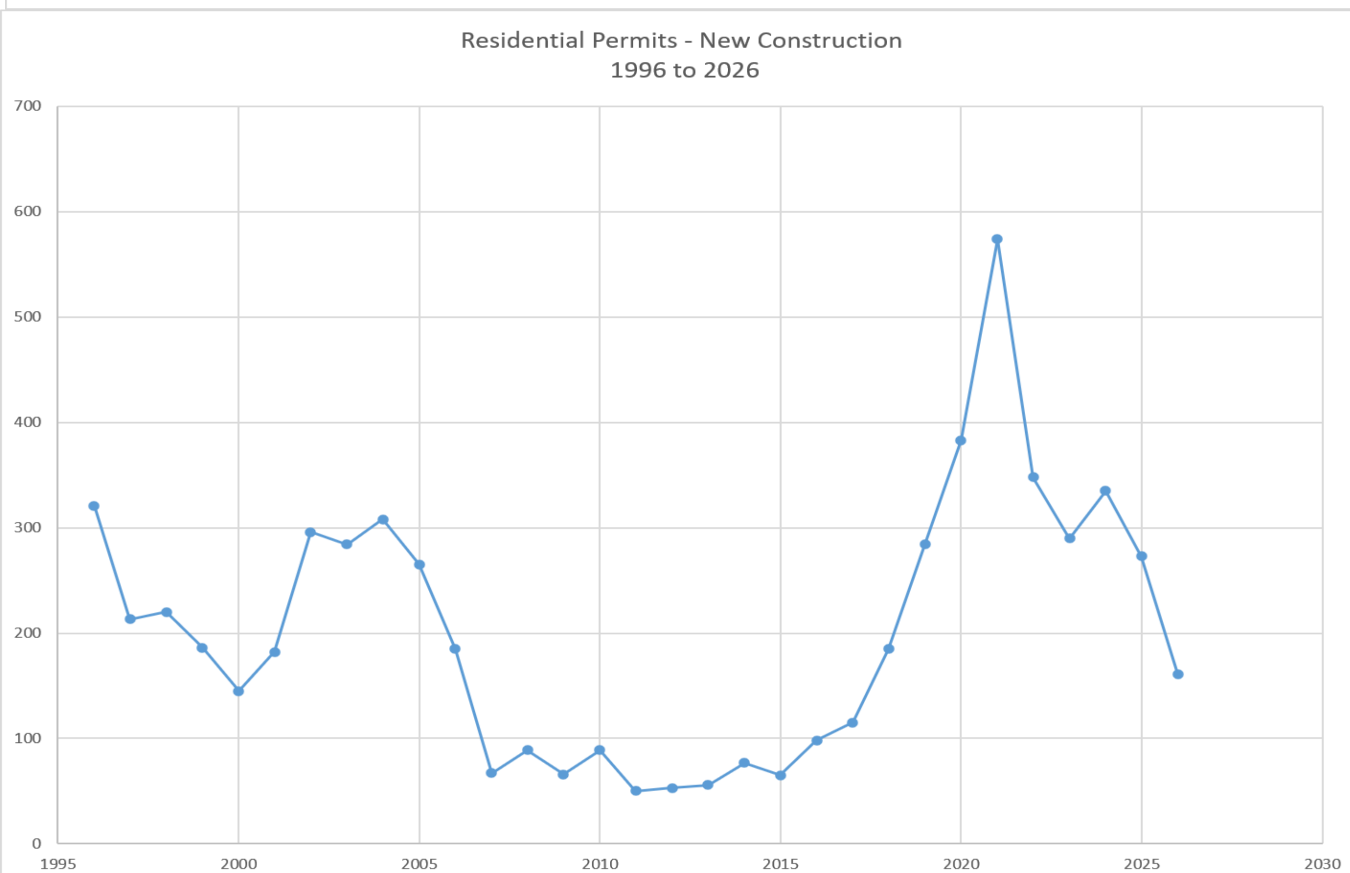
RE: Development Update

Building Permits

Building Permit Statistics:
Between July 1 and July 31, 2026, there were 425 building permits issued with a total valuation of $12,821,894, including 23 single-family homes valued at $9,375,880, and 39 commercial permits with a valuation of $742,264.




Commercial Permit Valuation Comparison
By Month
2025-2026
45,000,000
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2026 Valuation
2025 Valuation


Residential Permits - New Construction
1996 to 2026
700
600
500
400
300
200
100
0
1995
2000
2005
2010
2015
2020
2025
2030

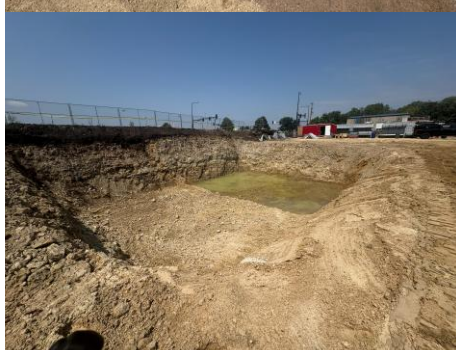
Current Project Updates

<u>Building Construction Projects</u>

<u>Kwik Trip (8510 95th Street):</u> The site excavation is well underway. The installation of the water main piping, sanitary piping, storm piping, and building foundation footings has started.








<u>Panera (7162 East Point Douglas Road):</u>
Footing and foundation work has been completed, and the demolition of the Speedway building will start soon.

<u>Green Thumb Industries (8235 97th Street):</u> The second phase of the interior renovation is complete. The kitchen renovation in the third phase is underway.

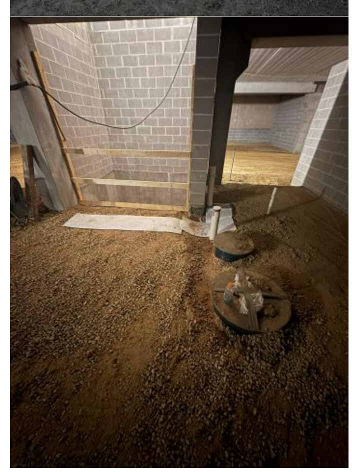
Cedarhurst (6940 Keats Avenue): Utility connections to the city's infrastructure has been completed as well as the underground plumbing pipes. The pergola siding and windows to the new event center addition are being installed.

New Life Church (11245 Point Douglas Road): The site excavation, foundation footings and walls, plumbing underground, underground electrical conduit, and the concrete slab is complete.


Roers Cottage Grove Apartments (6850 East Point Dougla Road): The concrete slab in Level 1 of the lower garage has been poured and the plumbing rough-in work has started. The installation of the 3rd floor walls continues. The 4th floor system installation has begun.





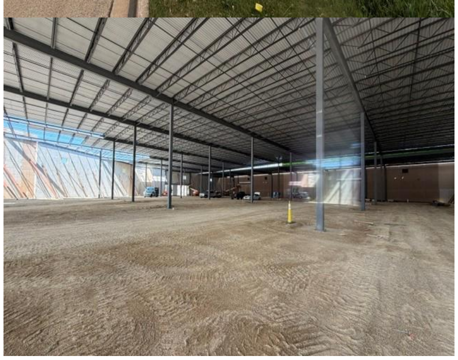
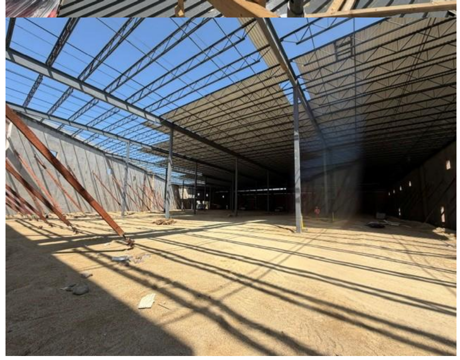
Hadley Ridge Apartments (10015 Hamlet Avenue): The installation of the 4th floor walls is complete. The installation of the roof system and roof parapet wall has started. The sewer connection and water connection from the building to the right-of-way are complete. The installation of plumbing, HVAC, and electrical continues on all floors.






<u>Van Meter (7450 95th Street):</u> The roof assembly for both additions is complete with roofing material being applied to the metal decking. Underground plumbing piping is now underway. The construction of a display room in the existing space is nearing completion.



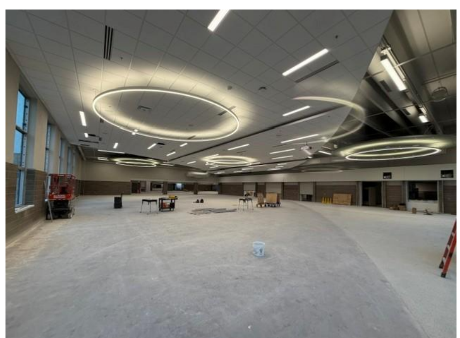
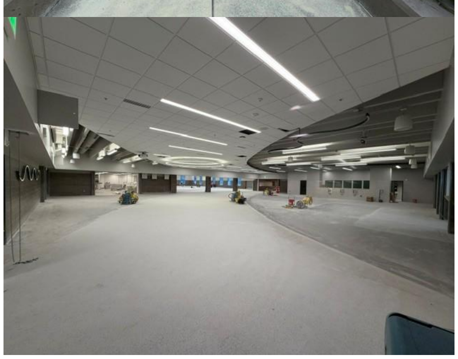



<u>Park Grove Library (7900 Hemingway Avenue):</u> The demolition of the existing building is still ongoing. Installation of the footings, foundation waterproofing, and foundation insulation for the building addition is complete. The installation of the plumbing underground has started.





<u>Park High School (8040 80th Street):</u> The new north entrance, cafeteria, and kitchen are in the final phases of completion. The conversion of the old cafeteria and kitchen into business classrooms and a bookstore is rapidly moving along and will be completed by the start of school. Demolition is complete, and remodeling of the woodworking, welding, graphic arts, photography, and construction rooms are underway.

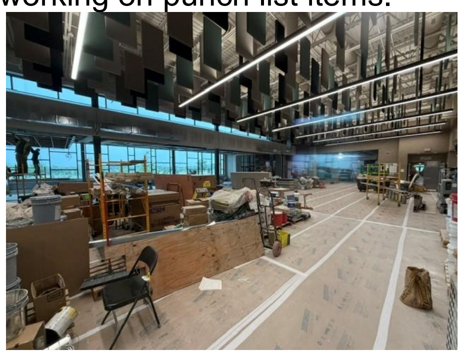





<u>SoWashCo Schools Transition Program Building (7000 Jamaica Avenue):</u> A Temporary Certificate of Occupancy was approved and issued. The general contractor is working on the punch list from the owner and architects.

Pine Hill Elementary School (9015 Hadley Avenue): Excavation continues for the building addition foundation. Installation of foundation footings and foundation walls, as well as improvements to the plumbing, HVAC, and electrical in the existing building are ongoing.

Cottage Grove Middle School (9775 Indian Boulevard): A Temporary Certificate of Occupancy was approved for the school building addition only. The existing building interior renovation continues with interior walls and HVAC ductwork.

Oltman Middle School (6625 Goodview Avenue): Both additions are in the final phases of completion, and the contractors are working on punch list items.

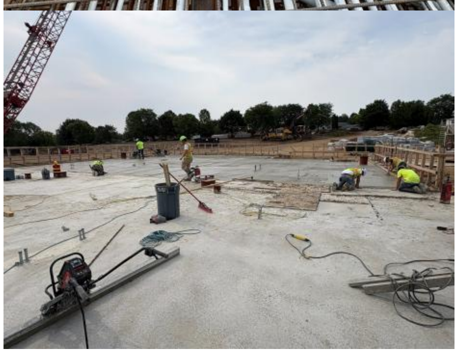



Grey Cloud Elementary School (9525 Indian Boulevard):
Permanent walls, ductwork, and lighting have been completed in the existing classrooms with the ceiling grid soon to follow. The foundation work has been completed for both additions, and the pre-cast wall panels are in place for the new gym/storm shelter.


Cottage Grove Water Tower (7550 95th Street): The exterior steel tank painting and application of the Cottage Grove logo are complete. The steel tank has been raised up from the ground and installed in its final location. The interior installation of the processes piping continues.

<u>Intermediate Zone Water Treatment Plant (8540 81st Street):</u> The installation of the concrete slabs, walls, elevated decks/slabs, and process piping continues. Installation of block interior walls has started.



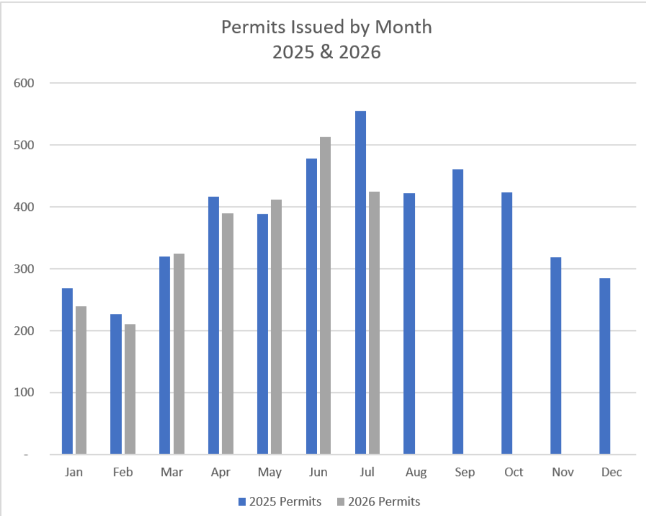



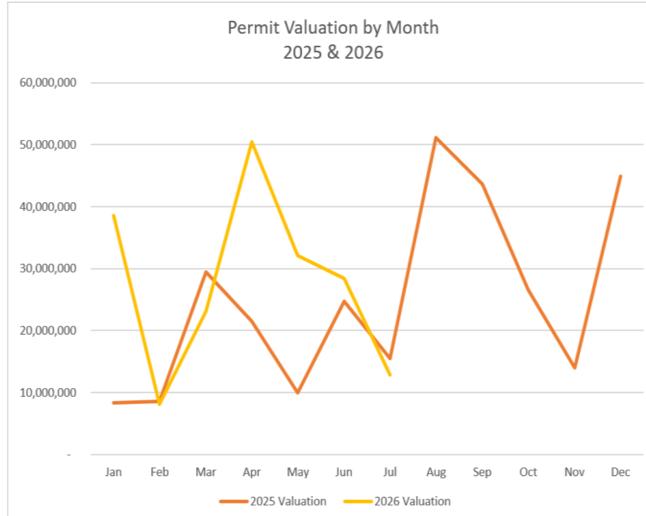
Planning Division

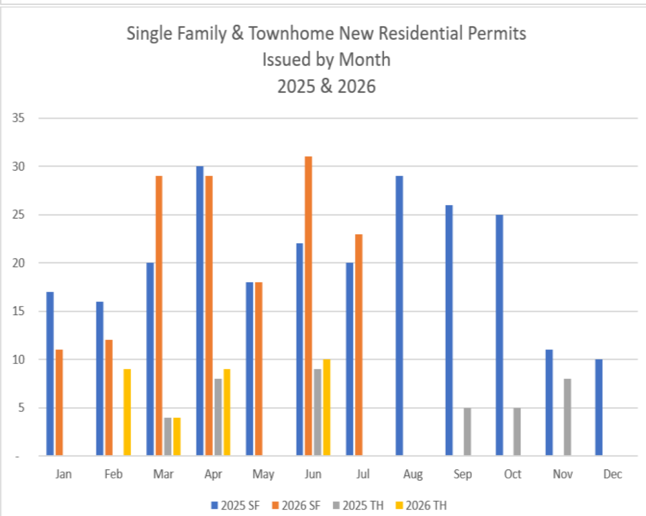
August 24, 2026, Planning Commission Meeting

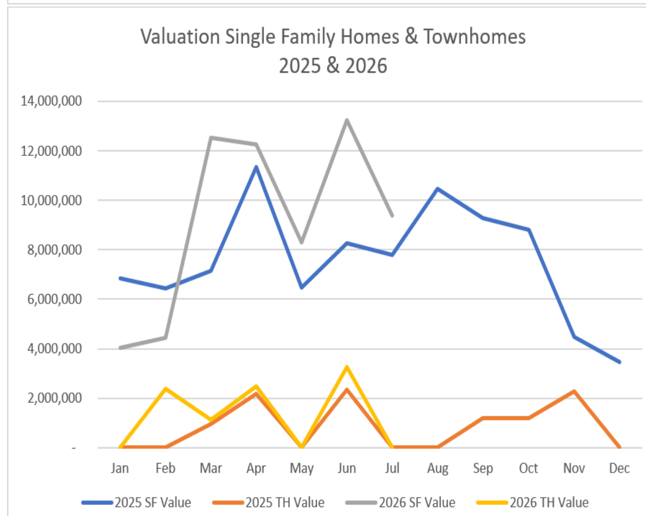
The August 24, 2026, Planning Commission Meeting was cancelled due to lack of business.

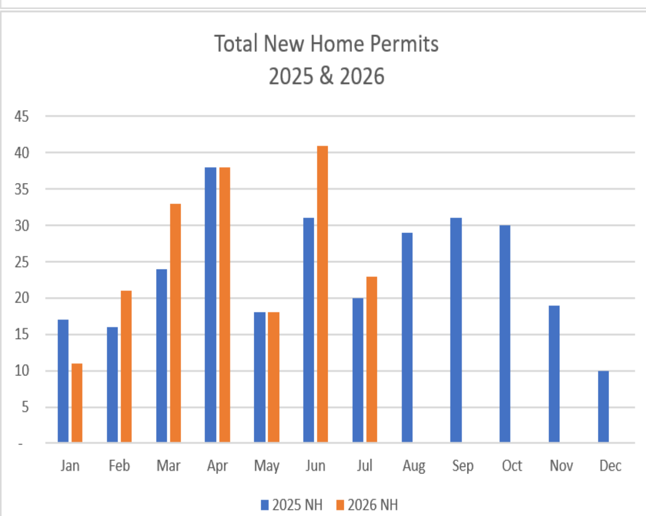
Building Permit Graphs

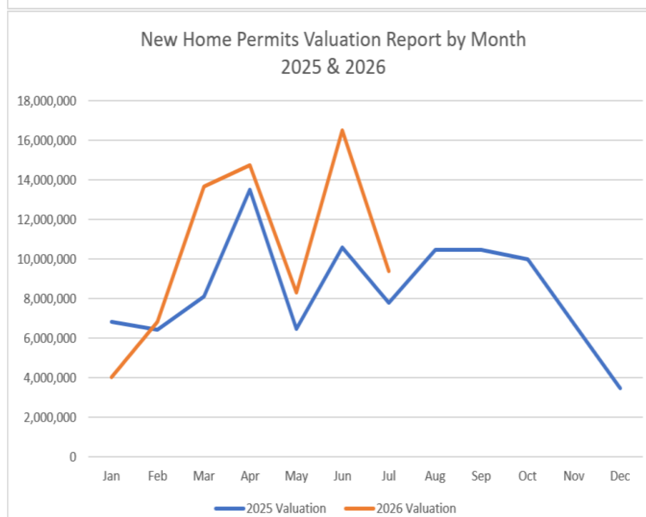












Economic Development Authority Action Request

5.B.

Meeting Date	8/11/2026
Department	Economic Development
Agenda Category	Resolution
Title	Housing and Redevelopment Authority (HRA) Preliminary Levy
Staff Recommendation	1. Approve Resolution 2026-005 establishing a preliminary tax levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2027, a special benefit tax levy, not to exceed $196,000 per the Proposed 2027 Budget on file with the City. 2. Call a Public Hearing to consider the adoption of the final levy to be held by the EDA at their regular meeting on December 1, 2026, at 6:00 pm.
Budget Implication	

Attachments

1.	EDA Preliminary HRA Levy Adoption Memo_2027
2.	EDA Resolution 2026-005_HRA Levy preliminary adoption_8-11-26
3.	2027 HRA Proposed Budget

To:	President Bailey and Members of the Economic Development Authority Jennifer Levitt, EDA Executive Director
From:	Brenda Malinowski, Finance Director Nate Carlson, Economic Development Manager
Date:	August 11, 2026
Subject:	Housing and Redevelopment Authority (HRA) Preliminary Levy

Background

The Economic Development Authority (EDA) is a legal entity that was created by the City of Cottage Grove to facilitate a well-rounded program for business assistance and development projects. In addition, the City granted the EDA with Housing and Redevelopment Authority (HRA) powers in the by-laws when the EDA was established. Due to the structure of the EDA, property tax levies can be approved for both EDA and HRA activities.

EDA property tax levies can be used for economic or redevelopment activity. Currently, City Council approves an EDA property tax levy as part of the approval for the city's property tax levy. An EDA levy is subject to an .01813% estimated market value limit or approximately $1.27 million based upon taxes payable in 2027.

In addition to the EDA property tax levy, a separate tax levy may be established to be used for housing and redevelopment activities. These levies are known as HRA levies. HRA levies can be used for the following:

- To provide a sufficient supply of adequate, safe, and sanitary dwellings to protect the heath, safety, morals, and welfare of the citizens,
- To clear and redevelop blighted areas,
- To perform those duties according to the comprehensive plans,
- To remedy the shortage of housing for low and moderate income residents, and to redevelop blighted areas, in situation in which private enterprise would not act without government participation or subsidies,
- In cities of the first class, to provide housing for persons for all income.

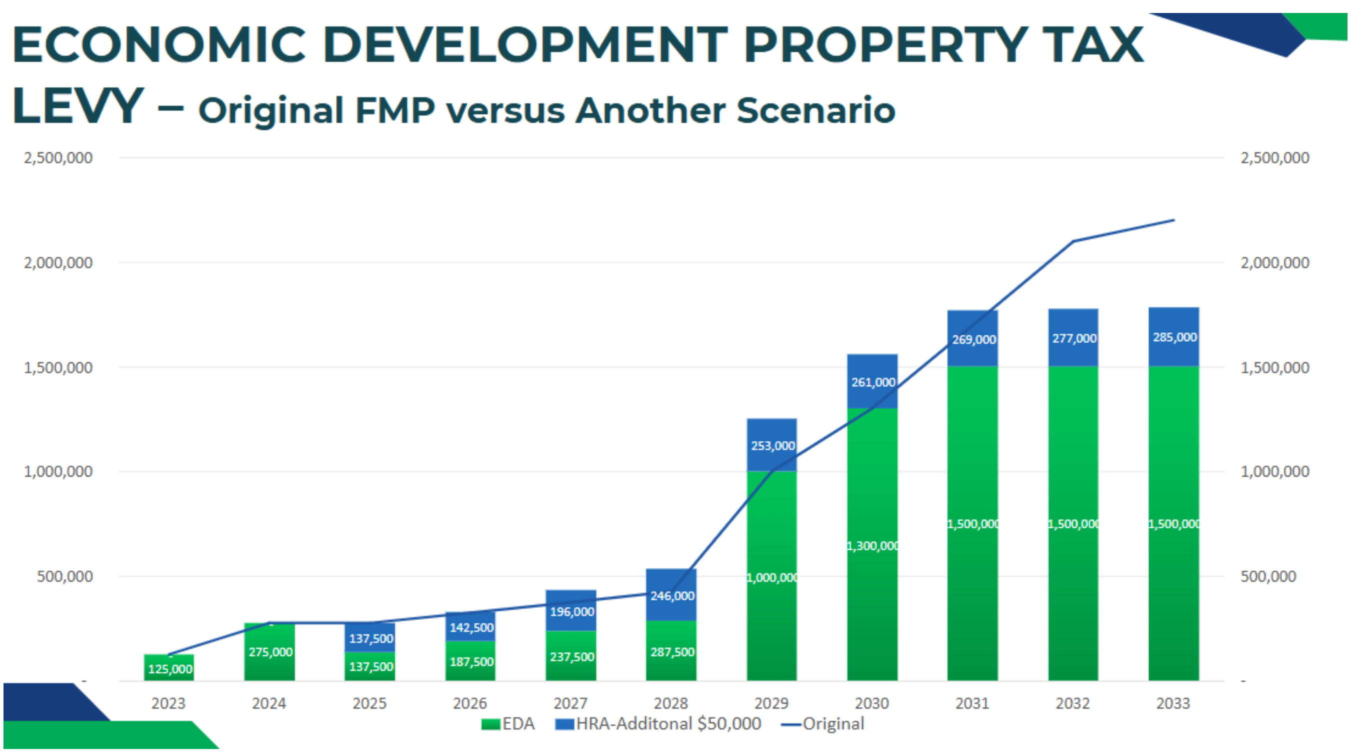
HRA levies are subject to an .0185% estimated market value limit or approximately $1.3 million based upon taxes payable in 2027.

The City adopted a HRA levy for the first time in 2025. For 2027, it is recommended to again have both an EDA Levy and a HRA Levy to recognize the housing and redevelopment activities that are occurring throughout the City for transparency purposes. It is proposed to levy the following:

	2025 Property Tax Levy	2026 Property Tax Levy	2027 Proposed Property Tax Levy
EDA Property Tax Levy	$137,500	$182,500	$237,500
HRA Property Tax Levy*	$137,500	$142,500	$196,000
Total	$275,000	$325,000	$433,500

The total of the two levies are based on the amount that was identified in Ten-Year Financial Management Plan that prepared in 2023. During the preparation of this plan, there was Council consensus to increase the EDA and HRA levies during the next ten years so that the City could fund development, redevelopment, and housing opportunities in the future such as 80th Street and the Langdon Village redevelopment areas.

At the July 29 Council budget workshop, Councilmembers directed staff to increase the HRA property tax levy by an additional $50,000 in 2027. The increase in funding will be used for economic and community development personnel expenses pertaining to review and implementation of affordable housing projects. The additional funds dedicated to 2027 will help ease the future burden of the planned increase in 2029.



Property Tax Levy Timeline

Per Minnesota Statutes, the following must occur for the adoption of the HRA property tax levy.

- By September 30th, the HRA preliminary levy shall be approved by the EDA and certified to the County. This is the action at this meeting.
- By December 30th, the HRA final levy shall be approved by the EDA and certified to the County.

In addition, a Public Hearing to consider the adoption of the final levy will be held by the Economic Development Authority at a regular meeting on December 1,2026, at 6:00 pm.

The attached Resolution 2026-005 authorizes a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2027, a special benefit tax levy, not to exceed $196,000 as identified in the proposed 2027 Budget on file with the City.

Recommendation

Approve Resolution 2026-005 establishing a preliminary property tax levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2027, a special benefit tax levy, not to exceed $196,000 per the Proposed 2027 Budget on file with the City.

Call for a Public Hearing to consider the adoption of the final levy to be held by the EDA at their regular meeting on December 1, 2026, at 6:00 pm.

Attachments

Resolution 2026-005

CITY OF COTTAGE GROVE, MINNESOTA
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION 2026-005

ESTABLISHING A PRELIMINARY PROPERTY TAX LEVY FOR FISCAL YEAR 2027

WHEREAS, the Housing and Redevelopment Authority of the City of Cottage Grove may request the establishment of a special benefit tax levy pursuant to Minnesota Statute 469.033, Subdivision 6; and

WHEREAS, according to this Statue, “The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of the estimated market value”; and

WHEREAS, the levy calculation per Minnesota Statue 469.033 amounts to a maximum of approximately $1.3M based upon taxes payable in 2027.

NOW THEREFORE, Be It Resolved by the City of Cottage Grove Economic Development Authority that there be a preliminary levy set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2027, a special benefit tax levy, not to exceed $196,000 per the 2027 Proposed Budget on file with the City.

Adopted this 11th day of August 2026.

____
Myron Bailey, President

Attest:

____
Jennifer Levitt, Executive Director

Budget Comparison Report
Account Detail

Cottage Grove

Account Number		2024 Total Activity	2025 Total Activity	2026 YTD Activity Through Jun	Parent Budget 2026 2026	Comparison 1 Budget 2027 2027	Comparison 1 to Parent Budget Increase / (Decrease)	%	Comparison 2 Budget 2028 2028 FALL 2026	Comparison 2 to Comparison 1 Budget Increase / (Decrease)	%
Fund: 280 - HRA Fund											
Revenue											
Category: 3010 - PROPERTY TAXES											
280-12-9280-3011	CURRENT PROP TAX	0.00	136,218.13	0.00	142,500.00	196,000.00	53,500.00	37.54%	196,000.00	0.00	0.00%
280-12-9280-3012	DEL PROP TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
280-12-9280-3013	NON LEVY PROPERTY TAX	0.00	381.89	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
Total Category: 3010 - PROPERTY TAXES:		**0.00**	**136,600.02**	**0.00**	**142,500.00**	**196,000.00**	**53,500.00**	**37.54%**	**196,000.00**	**0.00**	**0.00%**
Category: 3809 - INVESTMENT INTEREST											
280-12-9280-3810	INVEST INTEREST	0.00	1,161.14	1,107.83	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
Total Category: 3809 - INVESTMENT INTEREST:		**0.00**	**1,161.14**	**1,107.83**	**0.00**	**0.00**	**0.00**	**0.00%**	**0.00**	**0.00**	**0.00%**
Total Revenue:		**0.00**	**137,761.16**	**1,107.83**	**142,500.00**	**196,000.00**	**53,500.00**	**37.54%**	**196,000.00**	**0.00**	**0.00%**
Expense											
Category: 4100 - PERSONAL SERVICES											
280-12-9280-4100	SALARY-FULL TIME	0.00	44,407.14	30,475.20	71,000.00	113,400.00	42,400.00	59.72%	118,100.00	4,700.00	4.14%
280-12-9280-4138	MN PAID LEAVE	0.00	0.00	157.07	125.00	500.00	375.00	300.00%	500.00	0.00	0.00%
280-12-9280-4141	PERA	0.00	2,792.94	2,285.75	5,300.00	8,500.00	3,200.00	60.38%	8,800.00	300.00	3.53%
280-12-9280-4142	FICA	0.00	2,779.65	2,166.43	5,400.00	8,700.00	3,300.00	61.11%	9,000.00	300.00	3.45%
280-12-9280-4144	HEALTH INSURANCE	0.00	6,600.00	3,600.00	7,200.00	11,900.00	4,700.00	65.28%	13,100.00	1,200.00	10.08%
280-12-9280-4148	WORKERS COMP	0.00	399.96	150.00	300.00	300.00	0.00	0.00%	400.00	100.00	33.33%
Total Category: 4100 - PERSONAL SERVICES:		**0.00**	**56,979.69**	**38,834.45**	**89,325.00**	**143,300.00**	**53,975.00**	**60.43%**	**149,900.00**	**6,600.00**	**4.61%**
Category: 4300 - CONTRACTUAL SERVICES											
280-12-9280-4300	PROF SERVICES	0.00	0.00	0.00	25,000.00	25,000.00	0.00	0.00%	26,500.00	1,500.00	6.00%
280-12-9280-4305	FEES FOR SERVICE	0.00	0.00	100.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
Total Category: 4300 - CONTRACTUAL SERVICES:		**0.00**	**0.00**	**100.00**	**25,000.00**	**25,000.00**	**0.00**	**0.00%**	**26,500.00**	**1,500.00**	**6.00%**
Total Expense:		**0.00**	**56,979.69**	**38,934.45**	**114,325.00**	**168,300.00**	**53,975.00**	**47.21%**	**176,400.00**	**8,100.00**	**4.81%**
Total Fund: 280 - HRA Fund:		**0.00**	**80,781.47**	**-37,826.62**	**28,175.00**	**27,700.00**	**-475.00**	**-1.69%**	**19,600.00**	**-8,100.00**	**-29.24%**
Report Total:		**0.00**	**80,781.47**	**-37,826.62**	**28,175.00**	**27,700.00**	**-475.00**	**-1.69%**	**19,600.00**	**-8,100.00**	**-29.24%**

Budget Comparison Report

Group Summary

Categor…	2024 Total Activity	2025 Total Activity	2026 YTD Activity Through Jun	Parent Budget 2026 2026	Comparison 1 Budget 2027 2027	Comparison 1 to Parent Budget Increase / (Decrease)	%	Comparison 2 Budget 2028 2028 FALL 2026	Comparison 2 to Comparison 1 Budget Increase / (Decrease)	%
Fund: 280 - HRA Fund										
Revenue										
3010 - PROPERTY TAXES	0.00	136,600.02	0.00	142,500.00	196,000.00	53,500.00	37.54%	196,000.00	0.00	0.00%
3809 - INVESTMENT INTEREST	0.00	1,161.14	1,107.83	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
Total Revenue:	**0.00**	**137,761.16**	**1,107.83**	**142,500.00**	**196,000.00**	**53,500.00**	**37.54%**	**196,000.00**	**0.00**	**0.00%**
Expense										
4100 - PERSONAL SERVICES	0.00	56,979.69	38,834.45	89,325.00	143,300.00	53,975.00	60.43%	149,900.00	6,600.00	4.61%
4300 - CONTRACTUAL SERVICES	0.00	0.00	100.00	25,000.00	25,000.00	0.00	0.00%	26,500.00	1,500.00	6.00%
Total Expense:	**0.00**	**56,979.69**	**38,934.45**	**114,325.00**	**168,300.00**	**53,975.00**	**47.21%**	**176,400.00**	**8,100.00**	**4.81%**
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Budget Comparison Report

Fund Summary

Fund		2024 Total Activity	2025 Total Activity	2026 YTD Activity Through Jun	Parent Budget 2026 2026	Comparison 1 Budget 2027 2027	Comparison 1 to Parent Budget Increase / (Decrease)	%	Comparison 2 Budget 2028 2028 FALL 2026	Comparison 2 to Comparison 1 Budget Increase / (Decrease)	%
280 - HRA Fund		0.00	80,781.47	-37,826.62	28,175.00	27,700.00	-475.00	-1.69%	19,600.00	-8,100.00	-29.24%
	Report Total:	**0.00**	**80,781.47**	**-37,826.62**	**28,175.00**	**27,700.00**	**-475.00**	**-1.69%**	**19,600.00**	**-8,100.00**	**-29.24%**

Economic Development Authority Action Request

5.C.

Meeting Date 8/11/2026

Department Economic Development

Agenda Category Presentation

Title BR&E Quarterly Update

Staff Recommendation Receive a quarterly update on business retention and expansion survey results.

Budget Implication

Attachments

1.	EDA BRE Quarterly update memo_8-11-2026
2.	BR&E 2026 Survey Questions_Fillable form

Cottage Grove
Where Pride and Prosperity Meet

TO: Economic Development Authority
Jennifer Levitt, EDA Executive Director

FROM: Nate Carlson, Economic Development Manager

DATE: August 11, 2026

RE: Quarterly Business Retention & Expansion Update

Discussion

Economic Development staff has prepared a quarterly presentation to the EDA Board regarding an update of the business retention and expansion program ("BR&E"). As a reminder, City staff maintains the following goals of the BR&E program.

Goal:

1. Make lasting relationships between business leaders, city staff, and elected/appointed city officials.
2. Lead with value-add mentality when interacting with business leaders.
3. Make frequent contact with business leaders at a regular cadence.
4. Be prepared to assist business leaders when called upon.

Business Survey Updates

The business survey tool is attached for your review and reference.

Results from 10 business surveys beginning June 1, 2026.

Business Sectors

- Personal Services: 5
- Retail/Whole Sale: 4
- Manufacturer: 1

Business Ownership

- Locally Owned, multiple locations: 70%
- Franchised: 20%
- Branch of larger company: 10%

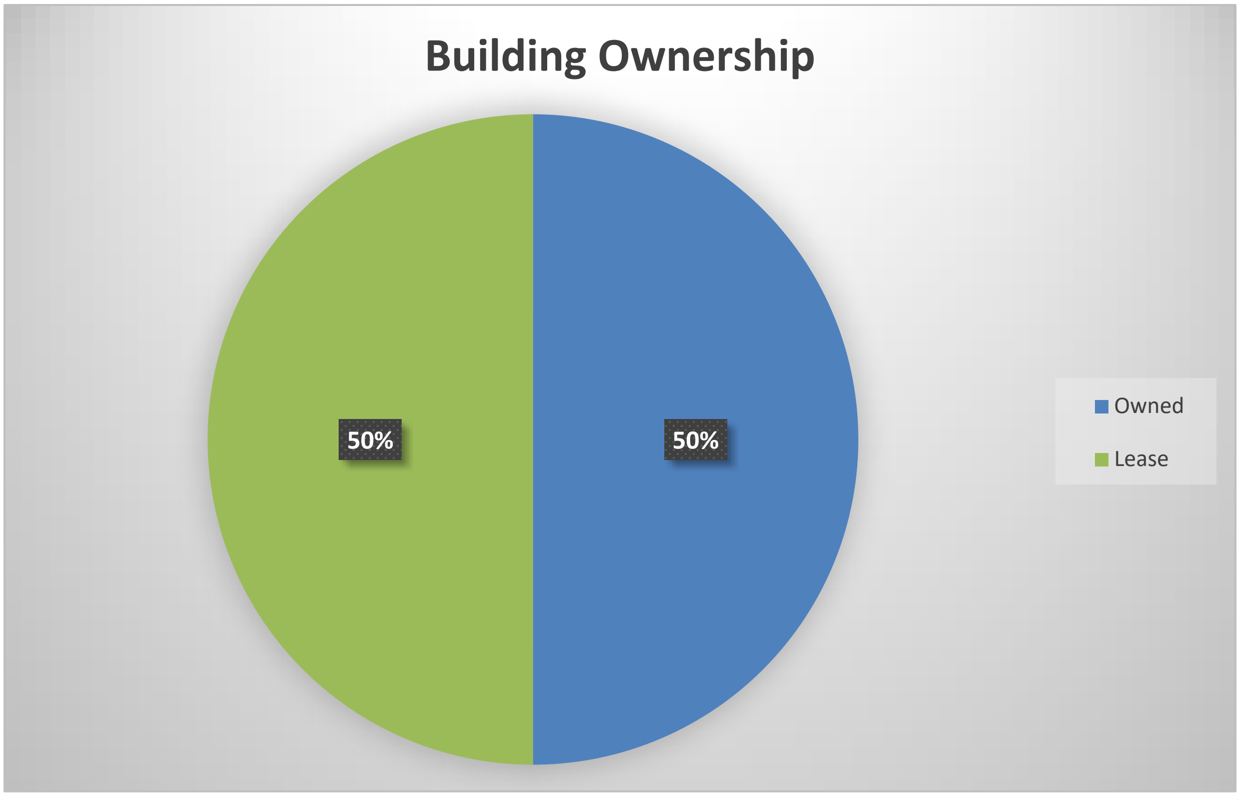
Average Years in Business: 22.6 years

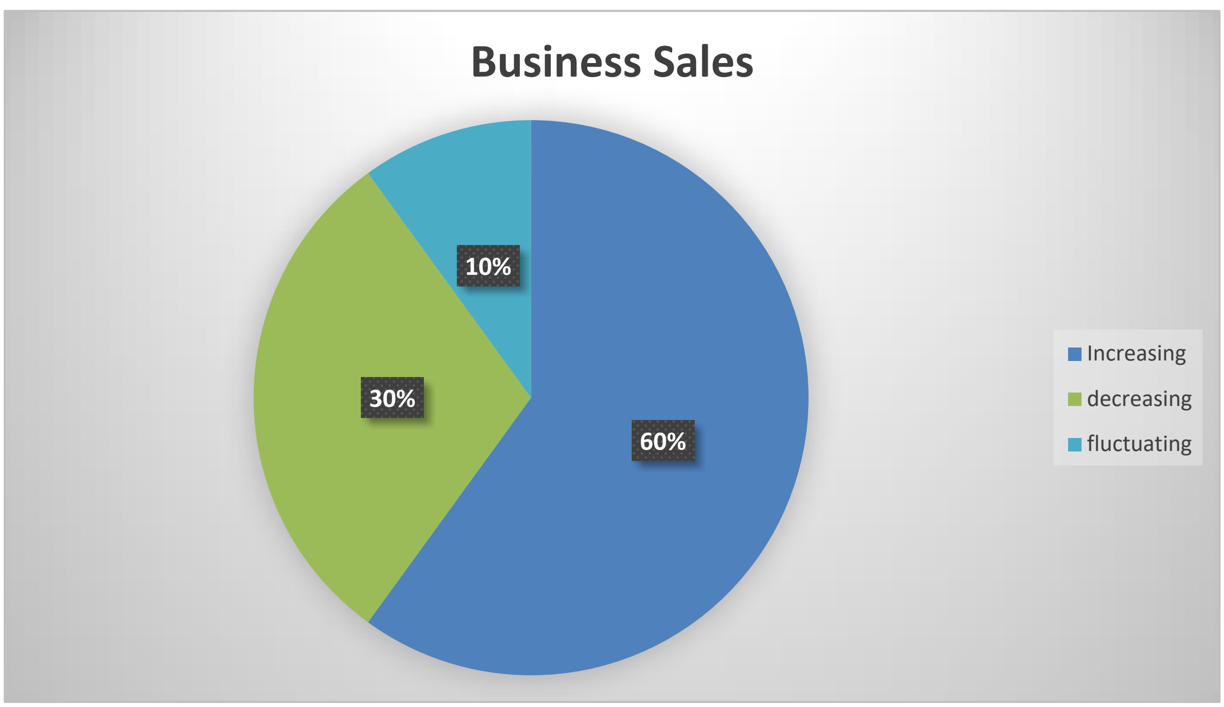
Business Plan Update

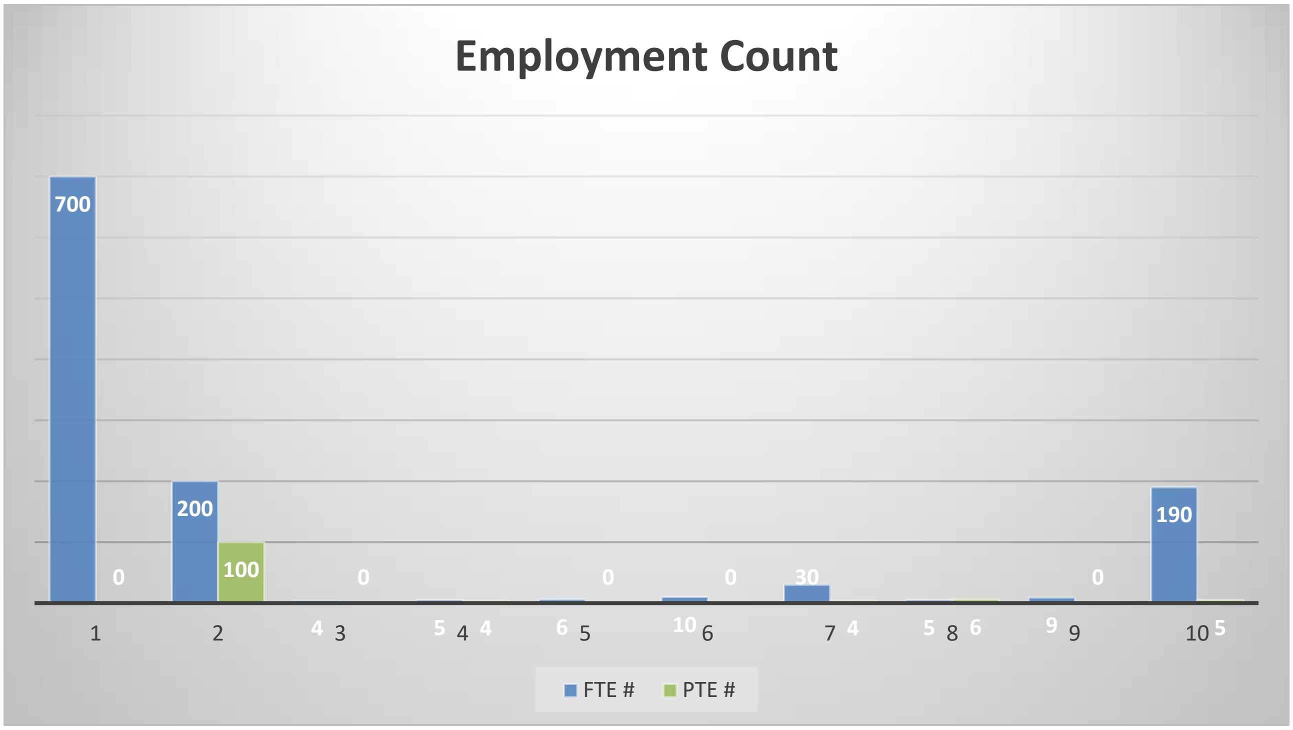
- Within the Past Year: 40%
- Within the last 3 years: 40%

Compensation in wages per hour

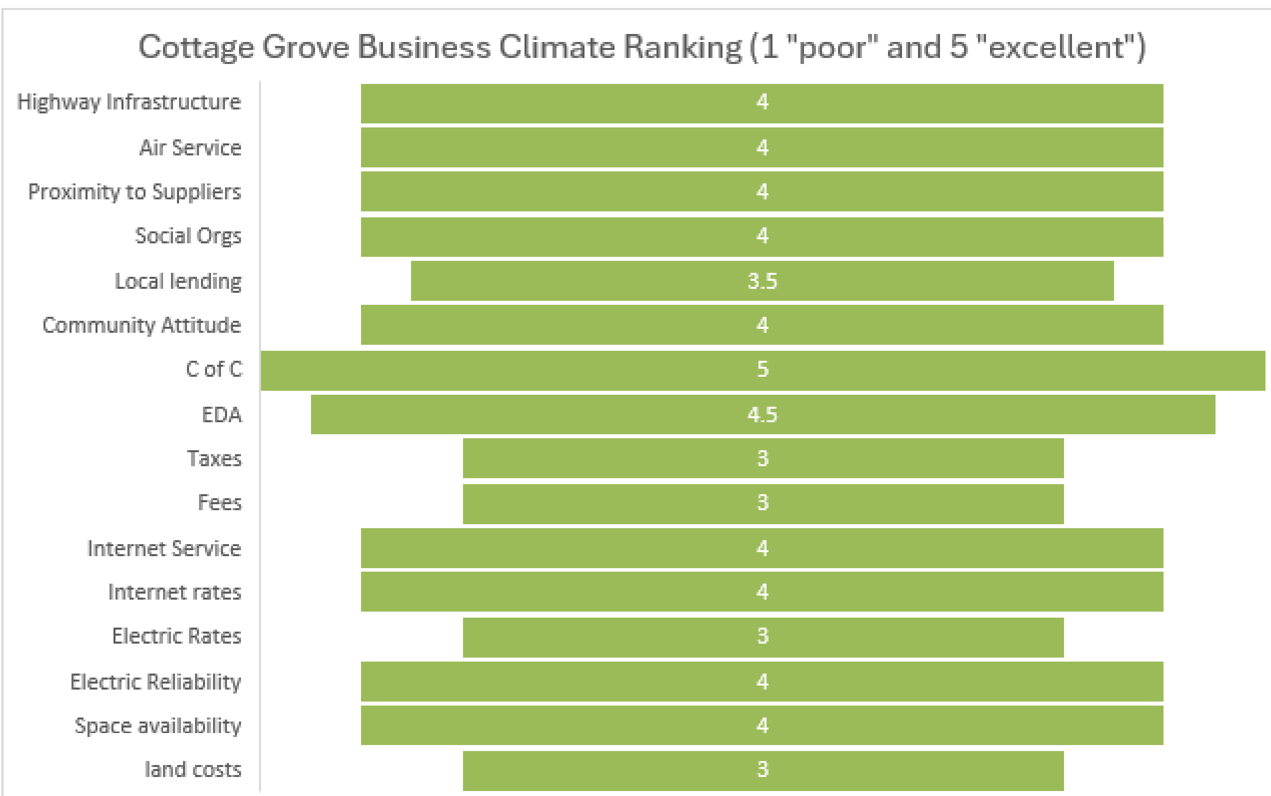
- Average Wage per hour: $19.00
- Highest Starting Wage per hour: $36.00
- Lowest Starting Wage per hour: $15.65


Building Ownership
50%
50%
Owned
Lease

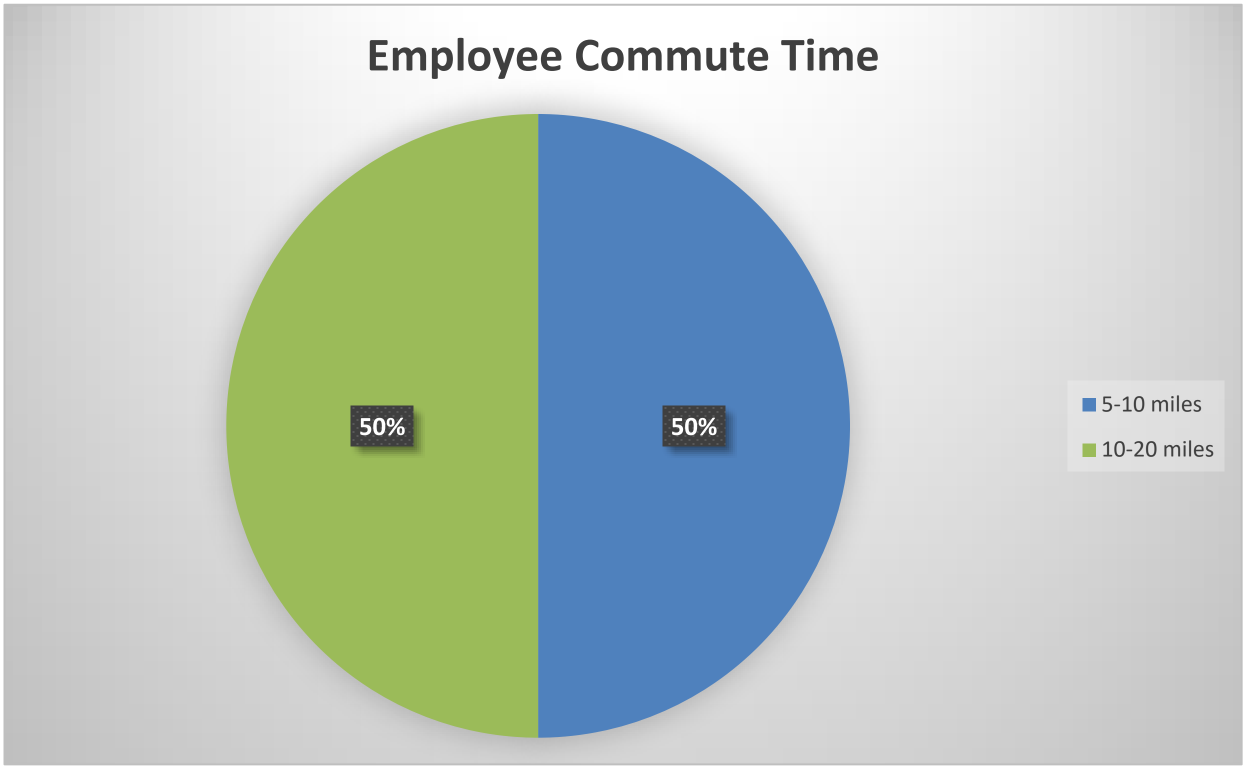

Business Sales
10%
30%
60%
Increasing
decreasing
fluctuating

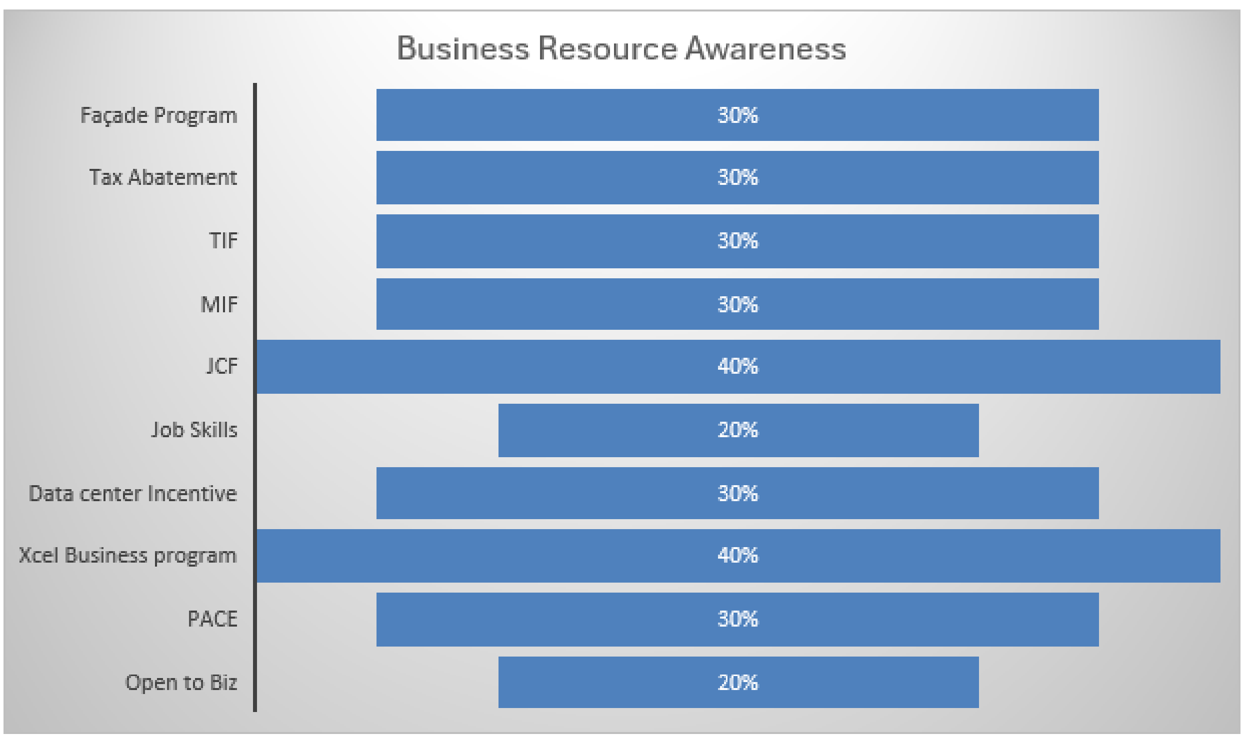


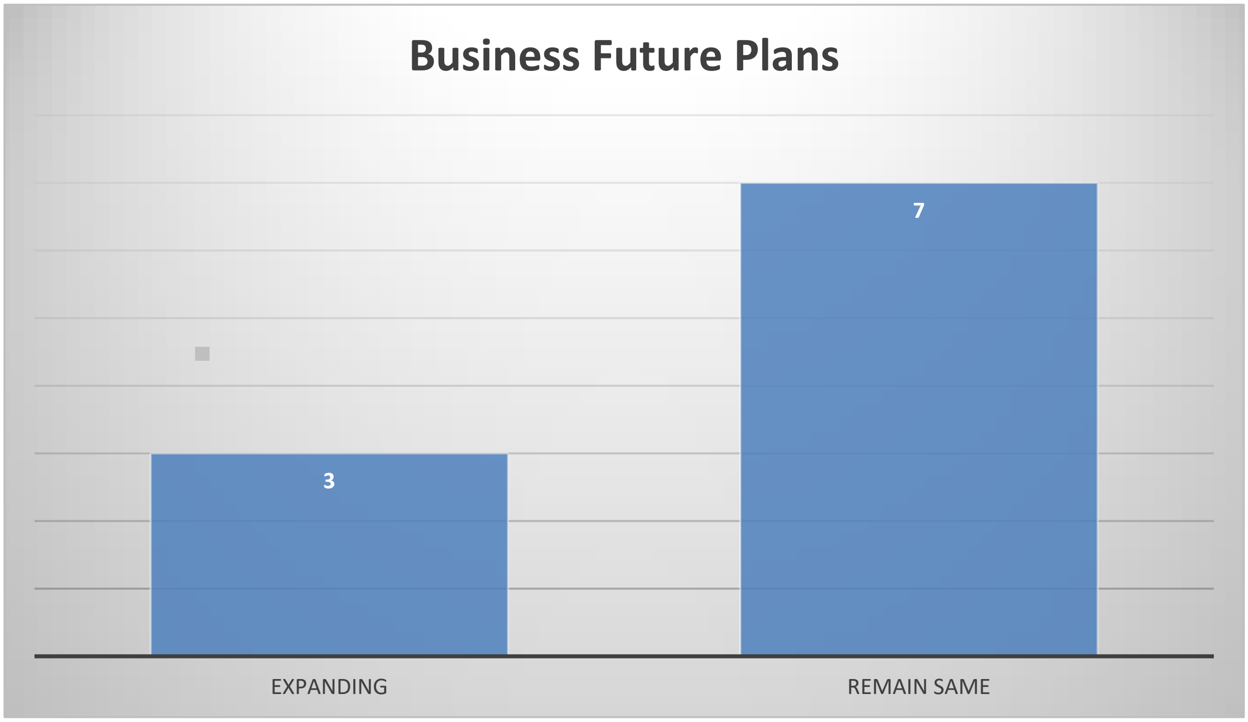
Employment Count
700
200
100
190
30
0
1
2
3
4
5
6
7
8
9
10
FTE #
PTE #



Cottage Grove Business Climate Ranking (1 "poor" and 5 "excellent")
Highway Infrastructure 4
Air Service 4
Proximity to Suppliers 4
Social Orgs 4
Local lending 3.5
Community Attitude 4
C of C 5
EDA 4.5
Taxes 3
Fees 3
Internet Service 4
Internet rates 4
Electric Rates 3
Electric Reliability 4
Space availability 4
land costs 3


Employee Commute Time
50%
50%
5-10 miles
10-20 miles


Business Resource Awareness
Façade Program
30%
Tax Abatement
30%
TIF
30%
MIF
30%
JCF
40%
Job Skills
20%
Data center Incentive
30%
Xcel Business program
40%
PACE
30%
Open to Biz
20%



Business Survey Summary

Staff will continue to hold business visits and collect survey results through the end of this year. The goal for this round of BR&E is to complete at least 24 surveys. Staff have engaged with several businesses regarding a visit and survey work. However, businesses either have little time to complete the survey or the organization does not want to participate. Nevertheless, this data is critical to collect for the EDA to have thoughtful discussions regarding the EDA's economic development initiatives.

The following are recommendations for staff to pursue following this initial BR&E survey work.

1. Develop a more thoughtful and engaging approach to informing Cottage Grove businesses of the resources available. Roughly one-third of all businesses surveyed were aware of certain business resources, which can and should be improved.
2. Explore opportunities to assist entrepreneurs in acquiring property. Of the businesses survey, 50% leased their facility. A proven financial strategy for long-term business viability is to control costs dedicated to business facilities.
3. Research current part-time employment opportunities in Cottage Grove. In today's current workforce environment, many workers are choosing to take on part-time work as a way to supplement their income and provide for flexibility in their personal lives. With several businesses not offering part-time employment, it is possible that Cottage Grove could be missing out on retaining resident-workers in Cottage Grove.

City of Cottage Grove

Business Retention and Expansion (BR&E)

Interview Guide

Business Information

Business Name: ______________________________

Business Phone: ______________________________

Contact Name: ______________________________

Contact Email/Phone: ______________________________

Visit date: ______________________________

Interviewers: ______________________________

What is your primary business sector?

☐ Retail/Wholesale ☐ Restaurant/Attraction ☐ Professional Services ☐ Personal Services

What type is your facility? (check all that apply)

☐ Branch ☐ Franchise ☐ Sales-Office ☐ Other
☐ Distribution ☐ Headquarters ☐ Retail

Which of the following best describes your business?

☐ Locally owned and operated, with one location
☐ Locally owned and operated, with more than one location
☐ Franchise
☐ Branch or division of a larger company

Is this business location owned or leased?

☐ Owned ☐ Leased

What brought your business to Cottage Grove?

____
____
____

How many years has your business been in operation in Cottage Grove? ______________________________

What is your biggest accomplishment in the past two years?

____
____
____

When was your business plan last updated??

☐ Less than 1 year ☐ 1-3 years ☐ 4-5 years
☐ Greater than 5 years ☐ We do not have a business plan

Has the company ownership changed recently or is change imminent?

☐Yes ☐No

Over the past year, have business sales: (select one)

☐ Increased ☐ Been relatively stable ☐ Not identified
☐ Decreased ☐ Fluctuated widely

What has contributed to the increase or decrease in sales?

____

____

____

What are the company's major products and/or services?

____

Workforce

How many full-time employees are at this business? _______________________________________

How many part-time employees are at this business? _______________________________________

What is the average hourly starting wage paid to both full-time and part-time employees?

____

____

Has the number of employees at this facility changed in the past two years? (select one)

☐ Increased ☐ Decreased ☐ Stayed the same

If increased, how many employees have been hired in the past two years? _______________________

If you have hired in the past year, was it hard to fill positions?

☐Yes ☐ No

If applicable, what contributed to the challenges in filling open positions? (select all that apply)

☐ Poor work ethic ☐ Lack of qualified candidates ☐ Challenging location
☐ Lack of candidates ☐ Competition
☐ Other

In the next year, do you expect the number of jobs to: (select one)

☐ Increase ☐ Decrease ☐ Be relatively stable ☐ Unsure

What types of jobs are you hiring?

____

____

Do you anticipate needing to train existing employees?

☐Yes ☐ No

Please indicate where a majority of your employees live:

☐ Within 5 miles of your location
☐ Within 5-10 miles of your location
☐ Within 10-20 miles of your location
☐ Over 20 miles from your location

Does the community have enough of the right type of housing for your current and future employees?

☐Yes ☐ No

If no, what type of housing do you think current and future employees would like to see in Cottage Grove?

____

Community

Do you live in Cottage Grove?

☐Yes ☐No

What are the strengths and weaknesses of the community?

Strengths: ____

Weaknesses: ____

Have you interacted with any of the departments at City Hall? If so, what department and please describe your experience.

____

____

____

How has the COVID-19 pandemic or Operation Metro Surge affected your business and what resources do you need to continue to operate efficiently in the community?

____

____

____

Business Climate

Do any of the following affect your business? (select all that apply)

☐ Storefront
☐ Accessibility
☐ Signage
☐ Congested streets near your business
☐ Insufficient parking
☐ Security/Policing
☐ Insufficient financing
☐ Public transportation

Please rank the local business climate with 1 being poor and 5 being excellent.

	1	2	3	4	5	n/a
Highway Infrastructure	☐	☐	☐	☐	☐	☐
Air Service	☐	☐	☐	☐	☐	☐
Proximity to Suppliers	☐	☐	☐	☐	☐	☐
Social Organizations and Networks	☐	☐	☐	☐	☐	☐
Lending by local financial institutions	☐	☐	☐	☐	☐	☐
Community attitude towards business	☐	☐	☐	☐	☐	☐
Chamber of Commerce	☐	☐	☐	☐	☐	☐
Economic Development Authority	☐	☐	☐	☐	☐	☐
Local Taxes	☐	☐	☐	☐	☐	☐
Local Fees	☐	☐	☐	☐	☐	☐
Telecommunication/Broadband Service	☐	☐	☐	☐	☐	☐
Telecommunication/Broadband Rates	☐	☐	☐	☐	☐	☐
Electric Rates	☐	☐	☐	☐	☐	☐
Electric Reliability	☐	☐	☐	☐	☐	☐
Availability of space for rent or lease	☐	☐	☐	☐	☐	☐
Land Costs	☐	☐	☐	☐	☐	☐

Do you have any suggestions for improvement of the local business climate?

____

____

Business Development

Which of the following services or opportunities would be beneficial to support your business?

☐ E-marketing, social media and online content workshops
☐ Workforce planning, employee training and attraction
☐ Attraction of related supply and services businesses
☐ Cooperative advertising/joint marketing
☐ Business networking sessions
☐ Trade shows
☐ Marketing seminars
☐ Assistance updating business plan
☐ Productivity improvement workshops

Please indicate whether you have used, have not used, are unaware of, or do not qualify for the following services and programs.

	Yes	No	Unaware of this service	Do not qualify for this service
Façade Improvement Program	☐	☐	☐	☐
City of Cottage Grove Tax Abatement	☐	☐	☐	☐
City of Cottage Grove Tax Increment Financing	☐	☐	☐	☐
MN Investment Fund	☐	☐	☐	☐
MN Job Creation Fund	☐	☐	☐	☐
MN Job Skills Partnership	☐	☐	☐	☐
MN Data Center Sales Tax Incentive	☐	☐	☐	☐
Xcel Energy Business Incentive and Sustainability Rider	☐	☐	☐	☐
Property Assessed Clean Energy (PACE) Financing	☐	☐	☐	☐
Open to Business Program	☐	☐	☐	☐

Plans

In the next 18 months, do you plan to experience any of the following?

☐ Remaining the same ☐ Relocating ☐ Closing
☐ Downsizing ☐ Selling ☐ Expanding

If you plan to relocate, sell, downsize or close, why? ______________________________

____

____

If you plan to expand, will your expansion lead to any of the following?

☐ Increase in workforce ☐ Additional products
☐ Increase in training ☐ Additional services
☐ Increase in floor space
☐ Other (please specify) ______________________________

Is your business currently experiencing difficulties with your expansion plans?

☐Yes ☐ No

If yes, what are the major difficulties with your expansion plans?

☐ Trained staff ☐ Available land/sites ☐ Outdated facilities and infrastructure
☐ Seasonality ☐ Access to financing

If you plan to expand, in which areas can the City assist you?

☐ Marketing ☐ Permitting ☐ Training
☐ Financing ☐ Location ☐ No assistance is needed

Tourism

Is your business affected by the tourism industry in Cottage Grove?

☐Yes ☐ No

What could be done to make Cottage Grove a more appealing tourist area?

☐ More restaurants
☐ More niche market specialty shops
☐ More entertainment facilities
☐ More and better events
☐ Improve tourism information outlets
☐ Improve signage
☐ Improve general appearance of roadside areas
☐ Enforce property standards
☐ Address buildings in poor condition
☐ Other: ______________________________________

Are you aware that the City of the Cottage Grove has a Convention and Visitor's Bureau (CGCVB)?

☐Yes ☐ No

If there would be an opportunity for your business to collaborate with the CGCVB, would you be interested?

☐Yes ☐ No

Other

Would you like to share any additional comments, concerns or suggestions?

____

____

____

____

Post Discussion Visit (STAFF ONLY)

Does this company require follow up?

☐Yes ☐ No

If yes, what organizations(s) should assist? (select all that apply)

☐ City ☐ University/Technical College ☐ Workforce
☐ Chamber ☐ State ☐ GREATER MSP
☐ Other ____

Economic Development Authority Action Request

8.A.

Meeting Date 8/11/2026

Department Economic Development

Agenda Category Presentation

Title Draft Local Affordable Housing Aid (LAHA) Policy Review

Staff Recommendation Receive the staff presentation and discuss the draft policy.

Budget Implication

Attachments

1.	EDA LAHA Workshop Memo_8-11-2026
2.	CG LAHA Policy_8-2026_DRAFT
3.	LAHA program info sheet
4.	FAQs_for_LAHA
5.	Fair Housing Policy Cottage Grove

TO: Economic Development Authority
Jennifer Levitt, EDA Executive Director

FROM: Nate Carlson, Economic Development Manager

DATE: August 11, 2026

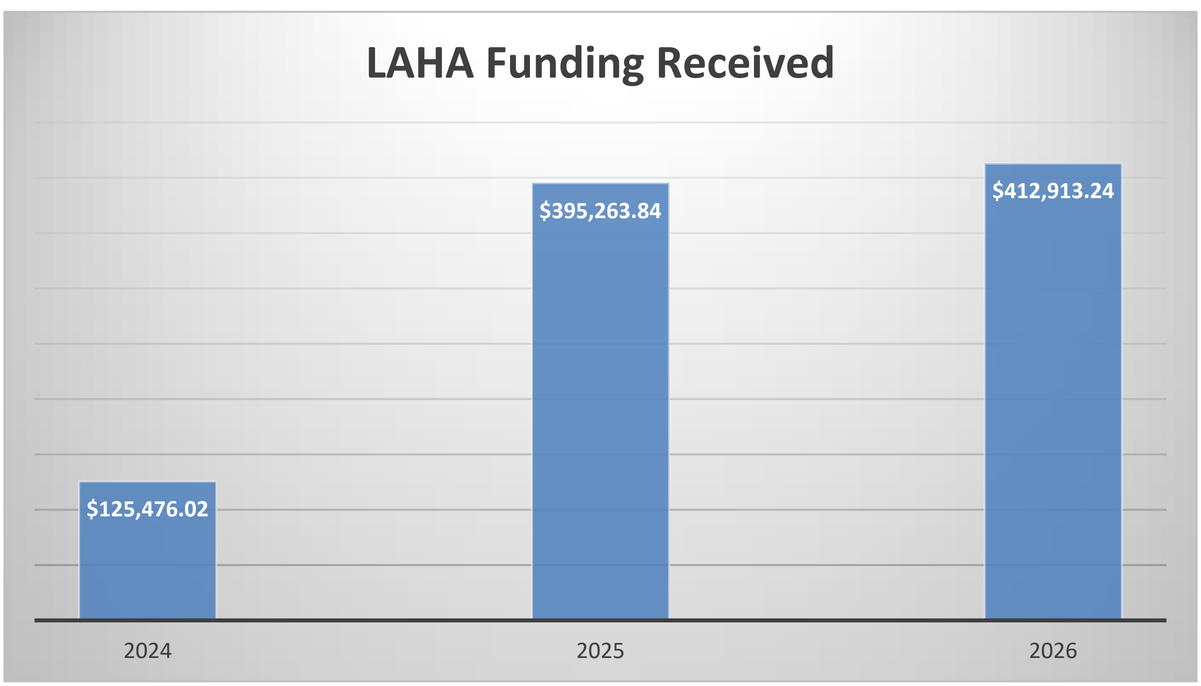
RE: Workshop – Draft Local Affordable Housing Aid (LAHA) Policy Review

Discussion

In 2023, the Minnesota Legislature authorized aid payments to counties, cities and Tribal Nations and in 2024 the legislature adopted changes to the aid programs. The goal is to fund affordable housing projects and help organizations provide affordable and supportive housing.

Local Affordable Housing Aid (LAHA) is aid to metropolitan local governments of seven counties and 63 cities. LAHA is funded through a new dedicated sales tax in the seven-county metropolitan area. As sales taxes will vary, the amount of LAHA distributed will also vary. Aid payments are made directly to local governments. In the metro, aid is funded by the sales tax for housing. Statewide, aid is funded by state appropriations.

The City of Cottage Grove began receiving LAHA funds at the end of 2024. The following chart demonstrates the funding received over the past three years.



The City of Cottage Grove, like other metro communities, must utilize these LAHA funds in a defined period otherwise the funds are forfeited back to the State. The City authorized the first use of these funds in 2025 to incentivize the Real Estate Equities affordable housing development, now known as the Hadley Ridge Apartments.

The City dedicated $916,000 of the LAHA fund balance to the Hadley Ridge project. This amount equated to the full three years of LAHA funding thus far. This obligation should be paid off within the next six to twelve months, which opens the door to future project funding opportunities.

The purpose of the EDA workshop is to discuss the draft policy that would guide the use of LAHA funds that the City/HRA may offer to incentivize affordable housing projects. The draft LAHA Policy defines the City's objectives, preferences, and guidelines for offering affordable housing development assistance.

Throughout the past few months, staff has collected data from other metro communities regarding their use of LAHA funds and policy direction. Staff found that many communities either provide their LAHA funds to a county development agency, or they have established a policy to fund existing or future programming that city staff oversees.

Cottage Grove City staff recommends that the Cottage Grove Housing and Redevelopment Authority (HRA) and City Council adopt the drafted LAHA Policy to guide the use of affordable housing funds and declare community objectives for assisting housing developments. The drafted policy assumes the funding remains under the authority of the City of Cottage Grove rather than providing funds to the Washington County Community Development Agency.

Next Steps

Staff requests the EDA/HRA review the proposed policy and provide feedback to city staff. Following the EDA workshop, staff will refine the policy and bring the final policy back to the EDA at the September EDA meeting for adoption.

Once adopted by the EDA, the City Council will adopt the policy at the next available meeting, which could potentially be the September 16 Council meeting.

Attachments

- LAHA program information sheet
- FAQs for LAHA fund use
- Draft Affordable Housing Development Assistance Policy

City of Cottage Grove and
Cottage Grove Economic Development Authority
Local Affordable Housing Aid (LAHA) Policy
Approved December 2026

1. PURPOSE AND AUTHORITY

This policy is to establish guidelines and procedures for the use of the City's Local Affordable Housing Aid (LAHA). LAHA funds are intended to support the creation of affordable rental housing units within the City of Cottage Grove by providing financial assistance to fill the funding gap between total development costs and the amount that can be supported through conventional financing and equity contributions. Furthermore, this policy upholds the City's "Fair Housing Policy," which was adopted on December 17, 2025

This policy aligns with the City's guiding principles to:

- Integrate affordable workforce housing into the larger community.
- Support and create housing opportunities for senior citizens.

2. POLICY OBJECTIVES

The Development Assistance Program provides subordinate, low-interest loans or grants to qualified affordable rental housing developments. Assistance is designed to close financial feasibility gaps for developments that meet City affordable housing priorities and demonstrate that all other reasonable financing sources have been pursued.

The primary objectives of the policy are to:

- Support the production of affordable rental housing units with priority for units serving lower-income households between 30-percent and 60-percent of Area Median Income (AMI).
- Ensure assisted units remain affordable for a maximum of 25 years through recorded affordability covenants or land use restrictions.
- Support housing that aligns with the City's Comprehensive Plan, Met Council's Housing Policy Plan, local housing needs and a balanced geographic distribution of affordable units.
- Ensure fiscally responsible lending best practices are utilized for the disbursement of program funds.

Anticipated funding sources under the jurisdiction of this policy:

- Metropolitan Local Affordable Housing Aid (LAHA) Minn. Stat. § 477A.35.
    - Additional accessibility requirements for projects of four or more units.

3. PUBLIC FINANCING ELIGIBILTY & REVIEW

Eligible Applicants include the following:

- Nonprofit or for-profit housing developers;
- Public housing authorities; and

Applicants must demonstrate development experience, financial capacity, and compliance with all applicable local, state, and federal regulations.

Eligible uses of development assistance may include:

- Land acquisition;
- Site preparation;
- General construction costs;
- Sustainability and energy efficiency features and systems;

Verification of how development assistance funds were applied to a project will be required upon project completion. Failure to use funds on an eligible use or not providing proper verification will result in noncompliance and accelerated repayment of the assistance funds.

The City's funding terms and amounts will be determined on a case-by-case basis, which will be determined by analyzing the individual need for a project and the amount of funding available at the time of the application. Funds will be available on a first-come, first-served basis.

Negotiated loan terms may include the following:

- Low-Interest Subordinate Loans;
- Deferred Payment Loans; or
- Grants

Loan terms will be a maximum of 25 years or co-terminus with the affordability period mandated by another public funding source or senior lien.

Projects assisted with Cottage Grove funds must remain affordable for a period of not less than 25 years. Loans will be secured by a recorded mortgage, note, and declaration of land use restrictive covenant to ensure compliance with affordability requirements. The City reserves the right to amend the affordability terms and conditions on a case-by-case basis.

Developers shall be responsible for all costs associated with the issuance of the loan to be paid at closing. At its discretion, the City may seek reimbursement from the applicant for costs in excess of the required closing fee, including extraordinary legal fees.

Developers requesting assistance shall submit a complete application, including but not limited to, a project pro forma, sources and uses, development timeline, and affordability mix. Projects submitted for consideration must have met with City Council/EDA in a workshop setting prior to applying for assistance. Developers must also demonstrate with their application that all other public funding sources have been pursued or are not feasible for the project.

Applications must be accompanied by an application fee as identified within the City's fee schedule. Except when an application is withdrawn by a developer prior to review by City staff, application fees shall be nonrefundable.

City staff or a financial consultant will evaluate the project application for financial feasibility, alignment with City goals, project readiness and conformance with this policy.

4. PUBLIC FINANCING COMPLIANCE REPORTING

Recipients of City development assistance financing are subject to ongoing compliance monitoring by the City for the duration of the affordability period.

Requirements will include:

- Annual reporting on occupancy, income eligibility, and rent levels.
    - Income restrictions will be established according using HUD/MTSP AMI guidelines for the Minneapolis/St. Paul metropolitan statistical area.
    - Rents must be limited to the most current HUD/MTSP AMI rent schedule (e.g., Low-Income Housing Tax Credit Rent Limits) less the applicable utility allowance.
- Annual reporting to confirm compliance with federal, state, and other public financing programs such as LIHTC, 4(d) tax classification, and tax-exempt multifamily revenue bonds. The City will accept reporting documentation provided to other jurisdictions as proof of compliance.

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.

Local Affordable Housing Aid

Local Affordable Housing Aid helps metropolitan local governments develop and preserve affordable housing within their jurisdictions to keep families from losing housing and to help those experiencing homelessness find housing.

Open All [+] Close All [-]

About the Program

The Department of Revenue certifies preliminary distribution factors for eligible counties and cities by August 1 each year. We base this certification on current statutes, including any changes from the most recent legislative session.

Revenue also posts aid amounts after they are calculated each year and before the first-half payment on July 20.

The certification of preliminary distribution factors and posting of final aid amounts are accompanied by summaries explaining how each was calculated.

Local Affordable Housing Aid is paid in two equal installments in the year aid is calculated and is based on the amount available as of June 1 of that year. The first half is paid on July 20 and the second half on December 26.

2027 Certification

2027 Local Affordable Housing Aid amounts will be calculated and certified by July 1, 2027

2027 Local Affordable Housing Aid Preliminary Distribution Factors - Counties

2027 Local Affordable Housing Aid Preliminary Distribution Factors - Cities

Summary of 2027 Local Affordable Housing Aid Preliminary Distribution Factors

2026 Certification

2026 Local Affordable Housing Aid Amounts - Counties

2026 Local Affordable Housing Aid Amounts - Cities

Summary of 2026 Local Affordable Housing Aid Amounts

2026 Local Affordable Housing Aid Preliminary Distribution Factors - Counties

2026 Local Affordable Housing Aid Preliminary Distribution Factors - Cities

Summary of 2026 Local Affordable Housing Aid Preliminary Distribution Factors

2025 Certification

2025 Local Affordable Housing Aid Amounts - Counties

2025 Local Affordable Housing Aid Amounts - Cities

Summary of 2025 Local Affordable Housing Aid Amounts

2025 Local Affordable Housing Aid Preliminary Distribution Factors - Counties

2025 Local Affordable Housing Aid Preliminary Distribution Factors - Cities

Summary of 2025 Local Affordable Housing Aid Preliminary Distribution Factors

2024 Certification

2024 Local Affordable Housing Aid Amounts - Counties

2024 Local Affordable Housing Aid Amounts - Cities

Summary of 2024 Local Affordable Housing Aid Amounts

2024 Local Affordable Housing Aid Preliminary Distribution Factors - Counties

2024 Local Affordable Housing Aid Preliminary Distribution Factors - Cities

Summary of 2024 Local Affordable Housing Aid Preliminary Distribution Factors

Use of Aid

Funds distributed under this aid program must be spent on a qualifying project.

Funds will be considered spent if both of these conditions are met:

- A county or eligible city demonstrates to Minnesota Housing that the city or county cannot expend funds on a qualifying project by the deadline below due to factors outside the control of the city or county
- The funds are transferred to a local housing trust fund

If funds are transferred to a local housing trust fund, they must be spent on a project or household that meets the affordability requirements described below.

Deadline: Funds must be spent by December 31 of the fourth year after the aid was received.

Qualifying Projects

Qualifying projects include:

- Emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; and
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed:
    - For homeownership projects, 115% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development
    - For rental housing projects, 80% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development
- Housing developed or rehabilitated with funds under this section must be affordable to the local work force

Projects are prioritized that provide affordable housing to households that have incomes that:

- For homeownership projects, do not exceed 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development
- For rental housing projects, do not exceed 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

Priority may be given to projects that:

- Reduce disparities in home ownership
- Reduce housing cost burden, housing instability, or homelessness
- Improve the habitability of homes
- Create accessible housing
- Create more energy- or water-efficient homes

Gap financing is the difference between the costs of the property and either:

- The market value of the property upon sale; or
- The amount the targeted household can afford for housing, based on industry standards and practices.

If aid received under this program is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits described above.

If an aid recipient uses the aid on new construction of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

- The greater of:

    - At least one unit
    - At least 5% of units that are accessible units, as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwellings Units in Minnesota, and include at least one roll-in shower
- The greater of
    - At least one unit
    - At least 5% of units that are sensory-accessible units that include:
        - Soundproofing between shared walls for first and second floor units
        - No florescent lighting in units and common areas
        - Low-fume paint
        - Low-chemical carpet
        - Low-chemical carpet glue in units and common areas

These guidelines do not relieve a project funded by this aid program from meeting other applicable accessibility requirements.

Reporting to Minnesota Housing

Beginning in 2025, aid recipients must submit a report annually, no later than December 1 of each year, to Minnesota Housing. The report must include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section.

Questions?

For more information on this program, including answers to common questions, go to Local Government Housing Programs on the Minnesota Housing website and look under Local and Statewide Affordable Housing Aid.

You can email us about aid distribution at PropTax.Admin@state.mn.us.

How Are We Doing?
Rate Our Website

Local and Statewide Affordable Housing Aid Frequently Asked Questions

June 14, 2024

In 2023, the Minnesota Legislature authorized aid payments to counties, cities and Tribal Nations and in 2024 the legislature adopted changes to the aid programs. The goal is to fund affordable housing projects and help organizations provide affordable and supportive housing.

Local Affordable Housing Aid (LAHA) is aid to metropolitan local governments of seven counties and 63 cities. LAHA is funded through a new dedicated sales tax in the seven-county metropolitan area. As sales taxes will vary, the amount of LAHA distributed will also vary.

Statewide Affordable Housing Aid (SAHA) is funded by state funds appropriated to the Department of Revenue. All Minnesota counties, Tribal Nations and 37 cities will be eligible to receive this aid.

Aid payments are made directly to local governments. In the metro, aid is funded by the sales tax for housing. Statewide, aid is funded by state appropriations.

Throughout the document, “housing aid” is used when the response applies to both LAHA and SAHA.

The information provided in this document does not constitute legal advice and is subject to change. If there are questions regarding how program requirements or criteria apply in specific circumstances, please consult with your own legal counsel.

Overview and Requirements

Why is there a difference between SAHA and LAHA?

The primary differences between LAHA and SAHA are the way they are funded, when funding will be disbursed and to whom.

Both aid projects have the same eligible uses and requirements except for market rate housing. This is only available in certain non-metropolitan areas using SAHA.

What are the eligible uses of housing aid programs?

Qualifying projects for aids payable in 2023 are:

- Emergency rental assistance for households earning less than 80% of area median income (AMI) as determined by the U.S. Department of Housing and Urban Development (HUD)
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing
- Development of market rate residential rental properties outside of the metro area if certain conditions are met
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing and gap financing of affordable housing

For aids payable in 2024, qualifying projects are those listed above plus:

- Financing the operations and management of financially distressed residential properties
- Funding of supportive services including staffing for supportive housing, which includes financial support to nonprofit services providers and capitalized reserves
- Costs of operating emergency shelter facilities, including services

For more information, read the complete list of LAHA qualifying projects and SAHA qualifying projects.

What is gap financing?

Gap financing is the difference between the property costs (including acquisition, demolition, rehabilitation and construction) and

- The market value of the property upon sale

OR

- The amount the target household can afford for housing (based on industry standards and practices)

What are the affordability requirements of LAHA and SAHA?

Specific income requirements are provided for:

- Emergency Rental Assistance
    - Less than 80% of AMI
- Homeownership
    - At or below 115% of the greater of state or area median income
    - Priority for those at or below 80%
- Rental Housing
    - At or below 80% of the greater of state or area median income

- Priority for those at or below 50%

State and area median incomes are determined by HUD.

While there are no income requirements or income qualification for projects supporting nonprofits, organizations should be providing affordable or supportive housing.

Some non-metropolitan communities may be eligible to spend aid on market rate developments. There are no income requirements for market rate housing under this category.

Are there other requirements if using these funds?

Yes. If LAHA or SAHA is used for new construction of a building with more than four units, the building must be constructed, converted or otherwise adapted to include accessibility features, such as sensory-accessible (see subd. 4). Documentation will be required for reporting and compliance.

State Agency Roles and Reporting Requirements

What roles do the Department of Revenue and Minnesota Housing play in distributing and tracking local housing aid?

The Department of Revenue calculates and distributes the amount of aid available to each government. Revenue also accepts applications from eligible Tribal Nations.

Minnesota Housing's statutory role relates to reporting and compliance. First reports are due by December 1, 2025. While not required by the legislation, Minnesota Housing is hiring staff to support housing aid programs with technical assistance and coordination.

Does a city, county or Tribe need to apply to receive the funds?

For cities and counties there is no application process. Revenue will distribute aid according to statutory requirements.

Tribal Nations must apply to receive funds annually. Tribes should work with Revenue to meet this annual requirement.

Does a city, county or Tribe need to seek preapproval before spending the funds?

No. Approval is not needed before spending funds. However, funds must be used on qualifying projects and expenditures should be documented to avoid repayment or recapture.

Will Minnesota Housing be developing a program guide for housing aid?

No. Housing aid is not a grant or loan program and is not subject to a program guide.

Minnesota Housing will support housing aid programs through guidance and staff support.

What are the reporting requirements for the funds?

Beginning in 2025, housing aid recipients must submit a report to Minnesota Housing every year by December 1.

The report must include documentation of:

- Certification that the aid recipient will use the aid funds to supplement and not supplant its existing locally-funded housing expenditures
- Qualifying projects completed or planned with the funds
- Location of unspent funds
- Inability to spend on a qualifying project prior to the deadline (if funds deposited into a local housing trust fund)
- Accessibility requirements (for project of four or more units)
- Relevant resolution and certifications for market rate developments in non-metropolitan communities
- Relevant documentation of locally-funded housing expenditures in prior years, including public notice requirements

Additional guidance on the report's format will be provided in the future.

Do metropolitan counties need to submit a report for LAHA and one for SAHA?

Minnesota Housing is determining if the reports must remain separate. However, if they do, the report format will be the same or substantially similar for LAHA and SAHA.

What happens if a city, county or Tribal Nation does not submit a report or does not spend the funds?

Reports are due by December 1 every year. The first report is due on December 1, 2025.

If the aid recipient fails to submit a report, does not spend funds during the required timeframe, or spends funds on an ineligible project, they must repay the funds. Revenue may also suspend payments to these entities.

Detailed information can be found in 477A.35, Subd 6 and 477A.36, Subd. 6.

What happens to the aid funds if they are returned or recaptured?

If returned, aid funds would be deposited with one or more of Minnesota Housing's programs. This includes Family Homeless Prevention and Assistance Program (FHPAP), the Economic Development and Housing Challenge Program (Challenge), and the Workforce and Affordable Homeownership Development Program as specified in law.

Will Minnesota Housing be monitoring the use of housing aid prior to the reporting deadline for cities and counties?

Minnesota Housing will not require reporting prior to December 1, 2025, when the first report is due from cities and counties.

However, Minnesota Housing will be checking in with local governments to offer support and track spending progress.

Definitions and Clarifications

What is a Tier I and a Tier II city?

The terms Tier I and Tier II are used to determine cities that will receive aid.

A Tier I city is a statutory or home rule charter city that is a city of the first, second or third class. For LAHA, it must be in a metropolitan county. For SAHA, it must not be in a metropolitan county. Read the full definition of cities and classes.

A Tier II city is a statutory or home rule charter city that is a city of the fourth class and not located in a metropolitan county (see subd. 4).

The bill requires aid be spent on a qualified project. What is the definition of spent? If a project is started but not completed, are the funds considered to be spent?

The definition of spent was clarified in 2024 session law. Funds must be committed to a qualifying project by December 31 in the third year following the year the aid was received (for aid received in 2024, this would be December 31, 2027) and expended by December 31 the fourth year after the aid was received.

Is SAHA funding from appropriations ongoing?

The following table reflects amounts appropriated to SAHA through the fiscal year ending in 2027. The appropriations are set at a base level with one-time increases in the first two years.

SAHA Appropriations	Fiscal Year Ending 6/30/24	FYE 6/30/2025	FYE 6/30/2026	FYE 2027 and each year after
To the 87 counties in Minnesota	$ 13,050,000	$ 13,050,000	$ 5,550,000	$ 5,550,000

SAHA Appropriations	Fiscal Year Ending 6/30/24	FYE 6/30/2025	FYE 6/30/2026	FYE 2027 and each year after
To the 37 cities in Greater Minnesota	$ 4,500,000	$ 4,500,000	$ 2,000,000	$ 2,000,000
To the 7 eligible Tribal Nations	$ 2,700,000	$ 2,700,000	$ 1,200,000	$ 1,200,000
To Minnesota Housing for the Tier II Cities Grants program	$ 2,250,000	$ 2,250,000	$ 1,250,000	$ 1,250,000
TOTAL	$ 22,500,000	$ 22,500,000	$ 10,000,000	$ 10,000,000

How were the funding allocations determined?

Revenue determined allocations based on distribution formulas.

For counties and cities, these formulas consider cost-burdened households and total population. For Tribal Nations, funds are distributed to Tribes that apply by the deadline.

Will Tier II cities receive a disbursement of SAHA?

Tier II cities will not receive a direct disbursement of SAHA.

However, the Legislature appropriated $4.5 million for Tier II cities. Funds will be available as grants in the competitive process for a range of rental, homeownership and housing stability activities with a minimum award size of $25,000.

Minnesota Housing will be preparing a program guide, a list of eligible Tier II cities and a request for proposals (RFP) in 2024.

Qualifying Projects and Expenses

What portion of the housing aid funds can be used for staffing costs and administrative costs?

Administrative costs and staffing costs are not listed as an eligible project. Therefore, the funds are not able to be used for these costs.

If funds are used for Emergency Rental Assistance (ERA), what portion can be used for navigation, services and administration related to ERA provision and programs?

Navigation and services related to providing ERA are eligible aid expenses. However, there is no allowance for administrative costs using housing aids. .

If aid funds are used for demolition or removal of existing structures, does affordable housing need to be constructed on the site?

Yes. The expense must be tied to affordable housing for eligible households. Demolition or clearing of land alone, including for speculative or future development of eligible housing, is not an eligible project.

Can funds be used for planning activities (soft costs) for new construction and preservation affordable housing projects?

Soft costs are only eligible as part of a qualifying project. General or speculative planning activities unrelated to a qualifying project are not an allowed use of funds.

Can funds be used for downpayment assistance for homebuyers?

Qualifying projects include homeownership projects for income-eligible households.

Downpayment assistance may be provided as permanent financing or gap financing, depending on program requirements established by the aid recipient.

Can the housing aid funds immediately be deposited into a Local Housing Trust Fund?

Funds can be held in a local housing trust fund while recipients determine if a project qualifies.

Funds must be spent on a qualifying project by the deadline in statute. Funds remaining in a local housing trust fund past the deadline will only be considered “spent” on a qualifying project if the aid recipient demonstrates that it could not spend funds by the deadline due to factors outside their control.

Can funds be transferred to a county or regional Housing and Redevelopment Authority (HRA) if they are spent on qualifying projects?

Yes. Funds can be transferred to a county or regional HRA if they are spent on qualifying projects.

The original aid recipient is still responsible for all requirements related to the funds, including reporting.

Can funds be used for developing new infrastructure, such as utilities and roads, or upgrading existing infrastructure if the infrastructure serves affordable housing?

Potentially. The infrastructure would need to be part of a qualifying project. All requirements related to project type, income affordability and other accessible requirements would also need to be met. Speculative site and infrastructure development would not be eligible.

Infrastructure development or improvement for sites that include development uses not allowed under this aid program would not be eligible.

What are some examples of expenditures ineligible for housing aid?

Housing aid should be used for projects that create and preserve affordable housing or stabilize the housing of low-income people. This does not include:

- Conducting a housing or zoning study
- Costs to create a Housing Improvement Area
- Staff and services related to general housing quality and licensure, such as code enforcement
- Staff and administrative costs for operation of an HRA or county or city housing department
- Commercial, industrial or public space development projects
- Projects located outside of Minnesota

Housing aid received by Greater Minnesota counties, cities and Tribes in 2023 cannot be used for emergency shelter. However, for aid received in 2024 and after, shelter is an eligible project type.

If funds are used to support a nonprofit organization, do they need to be tracked to qualifying projects?

Housing aid can be used to provide financial support to a nonprofit affordable housing provider in their mission to provide safe, dignified, affordable and supportive housing.

If aid is used in this manner, providing support to the eligible nonprofit is the qualifying project. The aid recipient should document that the funds were used to support the organization's mission.

Can a county or city use other state or federal funding as part of a development financing package that includes housing aid funds?

Yes. State and federal funding can be used as a part of the project's development financing package.

If the funds are held in a Local Housing Trust Fund, can they be used as a match in Minnesota Housing's Local Housing Trust Funds Matching Grants program?

No. Housing aid cannot be used as matching funds in the Local Housing Trust Fund Grants program. Only new public revenue, defined as local income committed to the Local Housing Trust Fund on or after June 29, 2021, can be used as matching funds.

Can a county use its funds within cities that have also received housing aid?

Yes. Counties can spend the funds on qualifying projects anywhere in the county, including cities that directly receive aid. Regional collaboration is encouraged to maximize the aid's impact.

A county receiving aid should consult with the cities where projects are planned (see subd. 7).

Can aid funds be used to reimburse prior expenditures on eligible projects?

No. An aid recipient may not use aid money to reimburse itself for prior expenditures.

Will the aid funds trigger other state funding requirements, such as prevailing wage?

For questions on labor and wage requirements, contact the Department of Labor and Industry.

For questions on the use of sales tax proceeds, contact the Department of Revenue.

City of Cottage Grove, Minnesota

Fair Housing Policy

Adopted: December 17, 2025

1. Purpose/Vision

Title VIII of the Civil Rights Act establishes federal policy for providing fair housing throughout the United States. The intent of Title VIII is to assure equal housing opportunities for all citizens. Furthermore, the City of Cottage Grove ("the City"), as a recipient of federal community development funds under Title I of the Housing and Community Development Act of 1974, is obligated to certify that it will affirmatively further fair housing. The City is committed to meeting this obligation, and has developed this Fair Housing Policy to further that goal.

2. Fair Housing Policy Statement

It is the policy and commitment of the City to ensure that fair and equal housing opportunities are granted to all persons in all housing opportunities and development activities funded by the city regardless of race, color, religion, gender, sexual orientation, marital status, status with regard to public assistances, familial status, national origin, or disability. This shall be done through external policies that provide meaningful access to all constituents and fair housing informational and referral services; and internal practices and procedures that do not discriminate and that affirmatively further fair housing.

3. External Practices

a. Meaningful Access

i. **Online Information**. The City will have information about fair housing prominently displayed on the City's website. The website page will provide a link to the Minnesota Department of Human Rights. The webpage will also have links to various fair housing resources, including the Department of Housing and Urban Development, Washington County CDA, and others.

ii. **In-Person Information**. The City will provide fair housing information to anyone requesting such information at the city offices. Community Development Department staff will provide information of the online web page for fair housing resources.

iii. **Languages**. The City is committed to providing information in the native language of its residents. Therefore, if the City's website translation tool does not provide translation in a native language, then the City will direct individuals to appropriate translation services that are available.

4. Internal Practices

The City commits to the following steps to promote awareness and sensitivity to fair housing issues in all of its government functions.

a. **Staff Training** - The City will continue to train its staff and officials on fair housing considerations.

b. **Housing Analysis** - The City will review its housing inventory periodically to examine the affordability of both rental and owner-occupied housing to inform future City actions.

c. **Code Analysis** - The City will review its municipal code periodically, with specific focus on ordinances related to zoning, building and occupancy standards, to identify any potential for disparate impact or treatment.

d. **Project Planning and Analysis** - The City planning functions and development review will consider housing issues, including whether potential projects may perpetuate segregation or lead to displacement of protected classes.

e. **Community Engagement** - The City commits to ongoing community engagement. Specifically, the City commits to utilizing engagement best practices to engage with the community regarding potential housing projects, zoning changes, and other land use planning decisions.

f. **Affirmatively Furthering Fair Housing** - As a recipient of federal funds, the City agrees to participate in the Regional Analysis of Impediments, as organized by the regional Fair Housing Implementation Council. The City will consider integrating the recommendations and action plan into city planning documents, including the Consolidated Plan, the Comprehensive Plan, and other applicable documents.