

# **Crookston Housing & Economic Development (CHEDA) Executive Director's Quarterly Update December 2010**

2010 continues to be a cold year. It was a very cool windy fall following a wet and cool summer but at least a great deal of the harvest time was dry. It appears that most of the area farmers had another successful year which again is so vital to the strength of our local economy. Of course winter was inevitable, the snow hit us hard in November and as I was driving to work today (13<sup>th</sup>) the temperature was 14 degrees below zero! So much for a mild winter!

2010 also proved to be another challenging year for the economy. Some sectors like agriculture had a decent year, many other sectors leveled off (or had small upswings), while still others like commercial real estate struggled. Mid-term elections proved to be intense and the lack of consumer confidence appears to have influenced some of the outcomes at the state and national level. Shifts in party majorities at both levels will certainly create an interesting 2011. At the State level it appears that the 2010/2011 budget is on track as projected (not good) and the future budget deficits continue to be projected in the \$6 billion range which means that the road to recovery will continue to be rough.

CHEDA had its share of budget challenges this year and we expect to have a net cash outflow slightly greater than budgeted as a result of some unforeseen changes to Federal funding formulas. In anticipation of reduced future Federal revenue, we again whittled back our 2011 budgeted expenses and organizational wages have been frozen for yet another year.

## Positive Change:

Even with the difficult economy we have seen some positive change and evidence that business opportunity continues to exist. The new strip mall on Hwy 2 in front of Walmart is well underway and businesses should occupy that structure late in the first quarter of 2011. The owner stated 3,500 square feet is still available and you can call Mike Hron from SCC Properties, Inc. (218-686-2255) for more info. The Pamida building has been sold and is being renovated to accommodate a business that is moving into the city limits. The Northland Inn has a new paint job and some new employees. A new salon & spa called Shear Sisters has opened down town on West 2<sup>nd</sup> St. and Outdoor Addictions Taxidermy has opened at 110 N. Broadway. Titan Machinery has purchased the Polaris dealership from Grove Motorsports with plans to grow that line.

I have also had about a half dozen inquiries from folks looking to start small retail service businesses in the community and some of those folks are working with the Small Business Development Center to refine their plans.

## CHEDA Projects:

We had put our much needed parking lot project for the Oak Court facility on the property at 313 Stuart out for quotes this fall but unfortunately the numbers came back very high. We will be putting this project out for quotes again in the first quarter of 2011, probably February to see if we can get some more affordable numbers. The objective is to complete the parking lot and possibly an accessory building in 2011 or as soon as available funding allows.

CHEDA's Workforce Housing program continues to stay busy. We sold our home at 523 Woodland Ave. and we are in the process of completing construction of a new 3- bedroom home at 1022 Wilson Avenue. We expect the home to be available in January or February of 2011 at a sale price of \$160,000.00 and if the buyer qualifies for the Tax Increment Financing available on the property, the final cost to the buyer could be as low as \$140,000. We also entered into an agreement and are collaborating with the Crookston School district and have moved their existing 1,586 sq. ft. 3-bedroom rambler onto a wood foundation at 505 Cedar Lane in the Evergreen Addition on the North end of Crookston. This project allows the students in the construction trades program at the Crookston High School to continue to learn about construction by providing labor to the "on-site" home placement, garage construction, and site finish work. This project

also allows CHEDA to have another new home available for sale in the community. Projected completion is May of 2011. This house will have an expected sale prices of approximately \$180,000.

#### Residential Lot Development:

There are efforts underway by three private developers in the community to develop various sizes of lots in three separate areas of the community. The NW MN Housing Coop and Midwest MN Community Development Corporation (MMCDC) out of Detroit Lakes, MN will have lots available in 2011 on the former Lincoln School Property. Kevin Ross is working with the City on infrastructure on the south end of town to make lots available in the area south of the Carmen School area and Bob Herkenhoff is working on developing some lots in the area on the east side of Barrette Street and the north side of Eickhof Boulevard which may be available in 2011. These efforts will allow the City to wait to develop residential lots north of the Crookston Sports Center.

CHEDA annually hires an independent auditing firm to perform an audit of our agency to meet various Federal, State, and Local reporting requirements. CHEDA continues to be financially sound with modest increases in cash holdings as a result of our 2009 operations. Our official 2009 audit findings are now available and have confirmed the increases in cash holdings. There were no significant adverse findings resulting from the audit. An audit of our component unit the Crookston Civic Arena, LLC was completed and for 2009 was primarily focused on the accounting for the construction of the facility and administration for the tax credits. The audit indicated that everything is in order and there were no adverse findings. The audit results were recently discussed at the first annual meeting of the Crookston Civic Arena, LLC along with a presentation of the 2010 year to date operating financials. The facility appears to be operating slightly better than budgeted.

In 2010 CHEDA completed a Marketing Plan project which was funded and staffed via a technical assistance grant through the US EDA office located at the University of MN Crookston. With the assistance of the University of MN Extension and Outreach group we were also able to complete a Retail Trade Analysis of the Crookston area.

Future activities continue to focus on:

- Continue working with the City of Crookston to meet strategic goals to address pressures (reduced numbers) put on affordable housing as a result of demolition of residential homes required to facilitate the City's flood protection projects. Specifically trying to facilitate options for the old Lincoln School building and finding partners willing to collaborate on single family or rental housing development.
- Continuing to work with the City and County to address proliferation of dilapidated, forfeited, vacant older structures in the City's downtown district. The Wayne Hotel has been demolished and the City is looking into redevelopment options for that site. CHEDA has put together a Downtown Redevelopment Task Group that will begin to have facilitated monthly meetings after the first of the year. The goal will be to establish a list of guiding principles and action steps that can be used to stimulate revitalization of Crookston's downtown area.
- Continue to perform regular business retention visits as often as possible.
- Continue to work on new business development, support of existing businesses, and promotion of the community of Crookston.

#### **Other Current Projects**

I am still working with two industrial companies interested in locating in Crookston. Unfortunately these projects take time to develop. Access to bank financing continues to be very difficult for many commercial businesses whether existing or start-up. Crookston continues to have some great property & building opportunities available in commercial and industrial sectors around the community. Check out our property listings on this website.

Enjoy the Holidays and Hit it Hard in 2011!!