In 2005, the HRA-EDA, along with Rush City and Chisago County, broke ground and began construction on a new 20 unit apartment building (Countryside Senior Apartments) in Rush City. The development was a cooperative effort between Rush City, Chisago County, the State of Minnesota and the HRA-EDA. The new building contains spacious one- and two-bedroom apartments for seniors age 62 and over. Occupancy is anticipated for June 2006. The development also includes a new Rush City Community Center and Senior Dining Site. There are 14 two-bedroom apartments that will rent for $680 per month, and 6 one-bedroom apartments that will rent for $580 per month.
The Chisago County Housing & Redevelopment Authority (HRA) was created in 1988. In 2000, the Chisago County Board authorized the HRA to adopt full Economic Development Authority (EDA) powers.

**The Mission of the Chisago County HRA/EDA:**

**To improve** the commercial and industrial tax base within the County with an emphasis on assisting our existing businesses, and marketing the County for new business development opportunities.

**To promote** and maintain a high quality of life in Chisago County by encouraging affordable housing development and private investment, through a collaborative effort with local units of government and other interested organizations in Chisago County.

Currently, the Chisago County HRA/EDA offers a wide range of resources to public and private sector clients including:

**Community Development Resources:**
- Securing & administering local, state and federal grants and loans, and other community development programs.

**Economic Development Resources:**
- Assisting local units of government and City Economic Development Authorities with business park development programs, tax increment financing programs, tax abatement assistance, and other business finance incentives.

**Business Resources:**
- Assisting new businesses become established in the county, and existing businesses with expansions, using financial incentives such as the Business Enterprise Program.

**Housing Resources:**
- Developing and implementing programs for housing rehabilitation, senior housing development, multi- and single-family housing development and home purchase assistance.

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**TIF/Tax Abatement**

Tax Increment Financing (TIF) and Tax Abatement are financing tools used to promote economic development. These tools allow cities or the county to capture and redirect a portion of the **new** property taxes that are generated by, either a new business relocating into the area, or an existing business that is expanding.

As an example, let's assume a business wants to build a new manufacturing facility on a city-owned piece of property. In order for the development to take place, the city needs to raise some money for infrastructure improvements. Let's also assume that the land was previously tax exempt since it was owned by the city. But, once the property is sold to a business, the business will pay $60,000 in new taxes every year. The difference between the old taxes ($0) and the new taxes ($60,000), is called “tax increment”. This new increment in taxes ($60,000, in this example), can be used for a number of things, including but not limited to, making the necessary infrastructure improvements.

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This new increment in taxes ($60,000, in this example), can be used for a number of things, including but not limited to, making the necessary infrastructure improvements. This is what we call **Tax Increment Financing**.

**Tax Abatement** is basically the same concept, however, the abatement is essentially a “rebate” of a portion of the newly-created property taxes, (“the increment”). This allows a business to write down some of the development costs. Tax abatement can also be redirected to the city and/or county for public infrastructure costs.

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**Business Enterprise Program**

The Business Enterprise Program (BEP) is a means by which banks, utilities and governmental units can invest in the economic development in Chisago County through the purchase of **Certificates of Deposits**, (CD's). The investment term is five years and pays an interest rate of 3.5% below New York prime rate.

The Chisago County BEP has provided business lenders with an excellent source of low cost funds. The participating lenders offer below-market rate loans to manufacturing, technology and certain types of service businesses.

Under the **Business Enterprise Program**, loans are made to businesses wishing to either expand, or relocate to Chisago County. The requestor must meet the originating bank’s lending requirements for the loans, which are set at 1% below prime.

BEP funds may be used for equipment purchases, real estate acquisition or building construction. Businesses are required to retain, improve or create jobs, therefore increasing the county’s tax base. The maximum term for a BEP loan is five years and the maximum loan amount is $300,000. The program is designed for **loans only** and cannot be used for collateral or guarantees.

Since inception of BEP loans in 1994, twenty four loans have been approved, totaling over $2 million dollars and creating and/or retaining over 400 jobs in Chisago County.
Why Manufacturing? Why Business Incentives?

Since the momentous day of Sept. 11, 2001, Minnesota has lost 32,000 manufacturing jobs. Overseas competition is hurting our local and state economies, and it is unlikely ever to be cheaper to ‘turn screws’ in the U.S. than it is in Mexico or China!

Statistics show that 1-in-7 Minnesota jobs are in the manufacturing sector, and those jobs in turn, support 567,000 non-manufacturing jobs in the state. A study conducted by the Illinois Chamber of Commerce shows that 100 new manufacturing jobs in a community leads to:

- 415 additional jobs
- $540,000 in additional tax revenue
- $5,000,000 more in bank deposits
- $12,700,000 more in personal income/year
- $7,700,000 more in retail sales
- $2,000,000 more in service receipts
- Seven additional retail establishments

In the book ‘Manufacturing Works: The Vital Link Between Production and Prosperity’ (Dearborn Financial Publishing, Inc., 2002), authors Fred Zimmerman and Dave Beal looked at 690 U.S. counties in the year 1995, with more than 4,800 manufacturing employees. They found that per-capita local and county tax burdens declined dramatically with an increase in manufacturing businesses. Those counties with 10 percent of existing jobs in the manufacturing sector averaged $1,000 per capita in tax burden; those with 30 percent in the manufacturing sector, averaged $650; and those with 40 percent, averaged just $562 in per capita tax burden.

Presently, out of 3 working residents in Chisago County leave the county, commuting to their daily jobs elsewhere. This not only negatively impacts our retail and service businesses (as people shop in the twin cities on their way to and from work), it is hurting our sense of community! It becomes very difficult to attract people to volunteer, for instance, as elementary school helpers, firefighters, little league coaches, or for many other civic organizations, when Chisago County workers are out of the county 10-12 hours a day.

Chisago County is continually competing with Wisconsin for new business and manufacturing operations. Wisconsin’s friendlier business climate can save a business a tremendous amount of money in property taxes, worker’s compensation insurance, and corporate income taxes (as compared to Minnesota). In addition to these savings, Wisconsin offers substantial business incentives, including TIF, grants and other tax credits. The industrial park just a few miles across the St. Croix river in Osceola, is home to 21 businesses – 17 of these businesses moved from Minnesota!

When Chisago County offers local incentives for business development, it is with the intent of providing a short term investment in order to receive a long term benefit.

Our goal is twofold: 1.) attract new, and retain existing, businesses in Chisago County, increasing the future commercial/industrial tax base; 2.) invest in long-term job opportunities for our children’s generation and beyond; provide many more local employment opportunities to keep residents working, shopping and enjoying recreation here, in Chisago County.
Historically, the HRA-EDA has focused its economic development efforts on assisting businesses by financing programs for land acquisition, new building construction, building improvements, new additions and equipment purchases. In today’s competitive global economy, manufacturing companies are losing work to overseas firms. This situation is exacerbated by Chisago County’s close proximity to Wisconsin, which has a much more favorable business tax structure.

Workforce/Economic Development Partnership

In 2005, the Chisago County HRA-EDA and the Workforce & Economic Development Coordinator from Chisago County Health and Human Services formed a unique partnership to gain a competitive edge in attracting business to the county.

This innovative partnership, now being recognized around the state, will involve several new initiatives including conducting a labor analysis, hosting business visits, identifying and addressing workforce development and training needs, and also creating a manufacturers’ network.

One of the greatest resources in Chisago County is its ‘human’ capital—its residents. Currently, 2 of 3 of our working residents commute every day to jobs outside of the county. A goal of the Workforce/Economic Development Partnership is to spearhead a labor market study to better define the specific job skills of the Chisago County commuting population. This data will be used as a recruiting tool to attract prospective businesses.

The Business Retention and Enhancement Program will continue in 2006. A collaborative approach is being taken to increase efficiency and avoid duplication of services within the county.

Members of the BR&E Team include representatives from the target city and Chisago County, as well a representatives from both the Department of Employment and Economic Development and the Workforce Center.

Another important goal of Workforce/Economic Development Partnership and BR&E visits is to build relationships between Chisago County businesses and workforce development and training entities, including the Workforce Investment Board, the MN Department of Employment & Economic Development, Central MN Jobs and Training, and the Minnesota State Colleges and Universities System.

Paid Work Experience and On-The-Job Training are two program designed to help businesses with workforce needs. In 2005, three Paid Work Experience opportunities were created and funded for Chisago County.

Two On-The-Job-Training positions were also created offering a 50% wage reimbursement to the hiring employer.

Several additional positions in both programs are slated for 2006.

The Manufacturing Alliance began addressing issues facing the manufacturing-sector businesses in our region. HRA/EDA is in the process of developing a Transportation and Supplier Consortium to identify possible cost-saving measures.

We are also pursuing avenues to help reduce work comp and unemployment costs for these types of businesses.

The partnership between the Chisago County EDA/HRA and the Workforce and Economic Development Coordinator is helping to increase efficiency and reduce overall costs of existing businesses, as well as develop a competitive, marketable workforce for prospective employers.

Together we will make Chisago County an excellent place to live and work!
2005 Marketing & Business Development Initiatives

2005 business development efforts can best be summed up in one word – PARTNERSHIPS

The HRA-EDA has been working very closely with local units of governments within the county to create new EDA’s in the cities of Lindstrom, Stacy, Shafer, Harris and Rush City. In 2005, the HRA-EDA also worked with the cities of Chisago City, Taylors Falls, North Branch and Wyoming to provide assistance and business development leads, whenever possible. The HRA-EDA is very grateful to have the opportunity to partner with each of these cities and their respective EDA’s, to accomplish a number of new business endeavors.

One such successful partnership project was the Chisago County HRA-EDA development of a new marketing portfolio containing individual inserts for several of the cities. Each city insert provides pertinent historical and demographic information, as well as enumerating the various highlights of the city, as well as what the city offers as economic development incentives to new business. This type of marketing piece provides a prospective new business with a succinct overview of the various cities within the county in one, easy-to-read package.

Another successful partnership is the sale of a long-vacant industrial building in the North Branch Industrial Park to Custom Headed Products. This new business development involved working with the company to relocate its manufacturing operation from Fridley, bringing its 15 jobs to Chisago County.

Because the building was in need of major repairs and upgrades both interior & exterior, the city of North Branch and the Chisago County Board agreed to assist Custom Headed Products in making the much-needed improvements. The process is on-going but has proceeded to the point where Custom Headed Products is now settled in, now employing 20 and busily producing cold formed metal fasteners.

In 2005, the HRA-EDA prepared and submitted an application on behalf of the City of North Branch to the MN Department of Employment and Economic Development’s Business Infrastructure Grant Program. The application was funded in the amount of $388,000 and the grant funds will be used to write-down the water, sewer and street costs for a new business park along I-35 and County Road #30. The improvements are anticipated to be completed in 2006, at which time the sale of the residential lots will begin.

2005 Community Development Initiatives

Taylors Falls Downtown Revitalization Program

On behalf of the Taylors Falls Economic Development Commission and City Council, the Chisago County HRA-EDA prepared and submitted a grant application to the Minnesota Department of Employment and Economic Development’s Small Cities Development Program. The grant application will provide funding for commercial building owners and residential rental property owners to make rehabilitation repairs to substandard buildings in a designated downtown target area. The application request was submitted in November 2005 for $335,700 in grant funds with the goal of rehabilitating 8 commercial buildings and 10 residential rental properties. The program is part of a larger downtown revitalization project that includes a new river walk trail along the St. Croix River.

Almelund Wastewater Treatment

The HRA-EDA has been working with the Amador Township Board to address and identify sanitary sewer needs. The project involves identifying grant and loan funds to construct a municipal sanitary sewer collection and treatment system to serve approximately 40 households.

Chisago County Tourism Guide

In collaboration with the North Branch, Chisago Lakes, Taylors Falls, and Rush City Chambers of Commerce, the HRA-EDA assisted with the funding for the distribution of the 2005 Chisago County Tourism Guide. The Guide was delivered to Travel and Information Centers across the state and upper Midwest.

Chisago County Jail/Health & Human Services Buildings

The HRA-EDA has been working very closely with the Chisago County Board and Administration to identify potential sites to accommodate a new County Jail and Health & Human Services Building.
HRA-EDA Housing Initiatives

Rush Estates I & II Acquisition
In 2005 the HRA-EDA began the process of acquiring *Rush Estates I & II Senior Apartments* in Rush City. The initiative involves 22 independent-living senior apartments; the acquisition process is anticipate to be competed in late 2006.

Bayview Senior Apartments
The Chisago HRA-EDA is the owner of the newly constructed *Bayview Senior Apartments* in Center City, completed in 2004. The development consists of 24 apartments for senior aged 62 and older. The new building offers spacious one- and two-bedroom apartments with attached garages, a central elevator, a community room with a full kitchen, an activity room and many other fine amenities. The apartments rent for $680-$780 per month.

Countryside Senior Apartments
In 2005 the HRA-EDA began construction of a 20-unit apartment building in Rush City. With completion slated for June, 2006, the pre-leasing process has begun for occupants aged 62 and older. The apartment building will be attached to the new *Rush City Community Center* which will be the new home for the Rush City Senior Dining site. The HRA-EDA will retain ownership; rents range from $580—$680 per month.

Wyoming Oakwood Town Homes
The HRA-EDA is a co-owner and asset manager of a 48-unit family townhouse development in Wyoming. The two story units, located on a four acre site, include attached garages and very nice park-like setting. The development was completed in 2000 and was financed through the *Minnesota Housing Finance Agency*.

Southfield Estates
The HRA-EDA is the owner of a 24-unit, market rate, senior and family townhouse development located in Rush City. The 10-building development contains 2-3 units per building; single story units with attached garages. The development was completed in 1997 and was financed by an HRA-issued revenue bond and remains a cooperative development between the HRA-EDA and Rush City.

Taylors Falls Town Homes
The HRA-EDA is the asset manager of a 20-unit town house development in Taylors Falls. The development was completed in 2002 and was financed by the *Minnesota Housing Finance Agency*.

Kestrel Meadows
The HRA-EDA is the asset manager of a 30-unit townhouse development in North Branch that was completed in 1998. All units are two-story, three-bedroom town homes. The development was financed through the *Minnesota Housing Finance Agency*. 
The Chisago County HRA-EDA will work to retain and strengthen our existing businesses, & draw new businesses into the county. To accomplish this the HRA-EDA will:

• Work with the State Legislature to ‘level the playing field’ with Wisconsin, including the creation of a Border Cities Development Zone.
• Work with existing businesses on expansion opportunities.
• Implement the Chisago County’s Business Retention and Enhancement Program. Create a database of current businesses, including employment information and a tracking system to identify potential expansion opportunities.
• Explore opportunities to create a business network for manufacturing and service companies.
• Identify and explore workforce development and training opportunities to enhance our existing businesses.

The HRA-EDA will work to expand the commercial/industrial tax base in Chisago County to reduce the tax burden for all its residential taxpayers. Specifically, the HRA-EDA will:

• Market Chisago County to recruit new businesses into the county by targeting and soliciting specific businesses that will compliment and strengthen our existing companies.
• Market Chisago County to new businesses as a great place to live, work and do business, via advertisements including: Chisago County HRA-EDA website, Positively Minnesota publications, DEED website, MN Real Estate Journal, etc.

The HRA-EDA will work to expand the commercial/industrial tax base in Chisago County to reduce the tax burden for all its residential taxpayers. Specifically, the HRA-EDA will:

• Work with communities to provide TIF/Tax Abatement assistance to finance infrastructure improvements and offer business incentives to develop existing business parks.
• Work with cities/townships in the Chisago County to identify, protect and acquire land that is suitable for commercial and industrial development.
• Educate city administrators and EDA members about business financing programs and land incentives.

The HRA-EDA will assist businesses to create new jobs, retain existing jobs and increase wages for residents in the county. To accomplish this, the HRA-EDA will:

• Work with existing businesses on expansion opportunities through low interest loans and tax incentives with an emphasis on new recruiting and retaining high-tech, high-wage paying jobs in the county.
• Identify specific workforce skills and knowledge that our ‘out-commuters’ have and recruit specific businesses that can create jobs to keep these commuters in the county.
• Create a countywide Technology Revolving Loan Fund to be used for equipment upgrades, and for improved worker productivity and company competitiveness.
• Identify areas for a business technology campus with the focus on high-tech businesses.

2006 Housing & Community Development Work Plan

To promote and maintain a high quality of life in Chisago County, the HRA-EDA will:

• Complete construction on the new senior housing development in Rush City.
• Assist the City of Taylors Falls rehabilitate substandard rental and commercial properties through the Small Cities Development Program for city’s downtown revitalization project.
• Assist communities maintain the availability of affordable rental housing in the county for both seniors and younger families through use of state grant and loan programs.
• Acquire Rush Estates I and II Senior Apartments in Rush City; explore the opportunity to acquire Pinewood Senior Apartments in Harris.
• Explore opportunities to apply for, and administer Minnesota Housing Finance Agency program funds, Small Cities Development Program funds and other funding sources to construct new housing units, rehabilitate commercial buildings and rehabilitate owner-occupied and rental housing units for communities within the county.