



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
JANUARY 17, 2023
7:00 PM**

Call to Order

Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Sean Hayford Oleary.
Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Mary Supple.

Open Forum

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the HRA. Please refer to the HRA agenda and minutes web page for additional ways to submit comments. You may also call 612-861-9764 or email ldubois@richfieldmn.gov with questions. Call into the open forum by dialing 1-415-655-0001 Use webinar access code: 2466 656 5973 and password: 1234.

Approval of the minutes of the Regular Housing and Redevelopment Authority meeting of December 19, 2022.

AGENDA APPROVAL

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consider the appointment of Commissioner Hanson as Interim Secretary of the Richfield Housing & Redevelopment Authority.

Staff Report No. 1
 - B. Consider a resolution approving an extension of a Preliminary Redevelopment Agreement with Beacon Interfaith Housing Collaborative for the development of approximately 40 units of affordable, supportive housing for people at 6613-25 Portland Avenue.

Staff Report No. 2
3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consideration of an amendment to the Contract for Private Development with MWF Properties for the development of 55 units of multi-family housing at 7700 Pillsbury Avenue South, extending the Contract for Private Development deadline to January 15, 2024.

Staff Report No. 3

HRA DISCUSSION ITEMS

5. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

6. Executive Director's Report

CLAIMS

7. Claims
8. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

December 19, 2022

CALL TO ORDER

Chair Supple called the meeting to order at 7:00 p.m. in the Council Chambers.

HRA Members Present: Mary Supple, Chair; Erin Vrieze Daniels, Vice Chair; Lee Ohnesorge; and Gordon Hanson

HRA Members: Maria Regan Gonzalez

Absent:
Staff Present: Melissa Poehlman, Executive Director/Community Development Director; and LaTonia DuBois, Administrative Assistant.

Others Present: Owen Metz, Dominion; and Julie Eddington, Ehlers

OPEN FORUM

Chair Supple provided instructions to call in for the open forum.

Executive Director Poehlman addressed questions that were raised during the November Housing and Redevelopment Authority meeting open forum.

APPROVAL OF THE MINUTES

MHanson, S/Ohnesorge to approve the minutes of the regular Housing and Redevelopment Authority meeting of November 19, 2022.

Motion carried: 4-0

ITEM #1

APPROVAL OF THE AGENDA

M/Vrieze Daniels, S/Hanson to approve the agenda.

Motion carried: 4-0

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| ITEM #2 | CONSIDER A RESOLUTION PROVIDING PRELIMINARY APPROVAL FOR THE ISSUANCE OF \$10 MILLION IN REVENUE BONDS FOR THE BENEFIT OF THE UPPER POST FLATS HOUSING DEVELOPMENT. (STAFF REPORT NO. 36) |
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Executive Director Poehlman presented Staff Report No. 36.

Commissioner Ohnesorge expressed the desire for increased accessibility.

Owen Metz, Dominion addressed Commissioner Ohnesorge's request and explained the challenges of providing additional type A accessible units.

Commissioner Vreize Daniels inquired about the number of children currently residing in the units.

Owen Metz spoke to current units occupied and the estimated number of children.

Commissioner Hanson inquired about supporting a project outside of Richfield boundaries.

Executive Director Poehlman explained.

HRA RESOLUTION NO. 1446

PROVIDING PRELIMINARY APPROVAL FOR THE ISSUANCE OF REVENUE OBLIGATIONS FOR THE BENEFIT OF FORT SNELLING LEASED HOUSING ASSOCIATES I, LLLP AND TAKING OTHER ACTIONS RELATED THERETO

M/Hanson, S/Ohnesorge to adopt a resolution providing preliminary approval for the issuance of \$10 million in revenue bonds for the benefit of the Upper Post Flats housing development.

Motion Carried: 4-0

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| ITEM #3 | CONSIDER THE APPOINTMENT OF A TEMPORARY SECRETARY FOR THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY. (STAFF REPORT NO. 37) |
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Executive Director Poehlman presented Staff Report No. 37.

M/Vreize Daniels, S/Ohnesorge to appoint Gordon Hanson as temporary secretary.

Motion Carried: 4-0

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| ITEM #4 | HRA DISCUSSION ITEMS |
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Commissioner Ohnesorge discussed the Inclusionary Housing Policy and requested updates be made to the Policy.

Chair Supple publicly thanked Commissioner Regan Gonzalez for her service on the HRA.

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| ITEM #5 | EXECUTIVE DIRECTOR REPORT |
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Executive Director Poehlman reported that the Richfield flats program was not awarded tax credit funding.

Chair Supple inquired this information, and the need for more funding would be shared with legislature.

Executive Director Poehlman reported that it would be shared with legislature.

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| ITEM #6 | CLAIMS |
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M/Vrieze Daniels, S/Hanson that the following claims be approved:

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|----------------------------------|--------------------------|
| <u>U.S. BANK</u> | <u>12/19/2022</u> |
| Section 8 Checks: 134278 – 13439 | \$196,833.03 |
| HRA Checks: 34273 - 34284 | <u>\$46,902.12</u> |
| TOTAL | \$243,735.15 |

Motion carried: 4-0

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| ITEM #7 | ADJOURNMENT |
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The meeting was adjourned by unanimous consent at 7:19p.m.

Date Approved: January 17, 2023

Mary B. Supple
HRA Chair

LaTonia DuBois
Administrative Assistant

Melissa Poehlman
Executive Director



STAFF REPORT NO. 1
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
1/17/2023

REPORT PREPARED BY: Melissa Poehlman, Executive Director
OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
1/11/2023

ITEM FOR COUNCIL CONSIDERATION:

Consider the appointment of Commissioner Hanson as Interim Secretary of the Richfield Housing & Redevelopment Authority.

EXECUTIVE SUMMARY:

The terms of Housing and Redevelopment Authority (HRA) Chair Mary Supple and HRA Secretary Maria Regan Gonzalez expired concurrent with their previous Council terms. Per HRA Bylaws, the Vice-Chairperson (Commissioner Vrieze Daniels) shall assume the responsibilities of the Chair until a new one is elected. Staff recommends that Commissioner Vrieze Daniels serve until the annual election of officers in March.

On December 19, 2022 the HRA elected Commissioner Hanson as Temporary Secretary in case of the absence of Commissioner Vrieze Daniels for the meeting tonight. Now that new HRA Commissioners have been appointed by the Mayor and City Council (January 10, 2023), the HRA should vote to appoint a Interim Secretary to serve until the annual meeting in March. Staff recommends the appointment of Commissioner Hanson.

RECOMMENDED ACTION:

By motion: Appoint Commissioner Hanson as Interim Secretary for the Richfield Housing and Redevelopment Authority.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Provided in the Executive Summary.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The HRA Bylaws provide for the election of officers.
- The Board may choose to elect an Interim Chair if it chooses.

C. CRITICAL TIMING ISSUES:

- The HRA Bylaws require that an election of officers be held at the annual meeting in March.

D. FINANCIAL IMPACT:

None

E. LEGAL CONSIDERATION:

None

ALTERNATIVE RECOMMENDATION(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A



STAFF REPORT NO. 2
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
1/17/2023

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
1/11/2023

ITEM FOR COUNCIL CONSIDERATION:

Consider a resolution approving an extension of a Preliminary Redevelopment Agreement with Beacon Interfaith Housing Collaborative for the development of approximately 40 units of affordable, supportive housing for people at 6613-25 Portland Avenue.

EXECUTIVE SUMMARY:

In April of 2022, the Housing and Redevelopment Authority (HRA) approved a Preliminary Redevelopment Agreement (Agreement) with Beacon Interfaith Housing Collaborative (Beacon) to develop approximately 40 units of affordable, supportive rental housing, with the target population of neuro-diverse youth, on the HRA-owned property located at 6613-25 Portland Avenue. Since that time, Beacon has identified a service provider, obtained an initial capital grant from Hennepin County, submitted preliminary plans for sketch plan review by City staff, and submitted an application for funding from the City's Trust Fund.

Beacon plans to submit an application for tax credit and bond financing from Minnesota Housing in July of this year. Prior to that submittal, Beacon will ask the HRA to approve a Development Agreement (Contract) for the project. Beacon is asking the HRA to extend the Agreement from the expiration date of January 31, 2023, until a Contract has been approved, no later than July 31, 2023.

The HRA will not negotiate with or entertain other offers on the property while the Agreement is in effect.

RECOMMENDED ACTION:

By motion: Approve the attached resolution approving an amended and restated Preliminary Redevelopment Agreement with Beacon Interfaith Housing Collaborative for the development of up to 40 units of affordable, supportive housing for people at 6613-25 Portland Avenue.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

- Beacon Interfaith Housing Collaborative is a non-profit housing developer that has developed deeply affordable, supportive housing throughout the Twin Cities.
- The property contains remnant parcels from the Portland Avenue roundabout project. The HRA has been seeking a viable development proposal for the site since 2009.

- On Tuesday, March 8, 2022, at a joint work session of the City Council, HRA, and Planning Commission, Beacon presented conceptual plans for the development of up to 40 units of supportive rental housing at 6613-25 Portland Avenue. Beacon specializes in developing supportive housing at deeply affordable levels throughout the Twin Cities.
- On March 21, 2022, the HRA approved a resolution of support for the Beacon concept.
- On April 18, 2021, the HRA approved an Agreement with Beacon.
- The population to be served would include neuro-diverse youth and young adults, and supportive housing services would be provided on-site. The units would primarily be affordable at 30 percent of the Area Median Income.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The 2040 Comprehensive Plan calls for a full range of housing choices that meet residents' needs at every stage of their lives, and ensure a healthy balance of housing types that meet the needs of a diverse population with diverse needs.
- The property is currently guided for medium density residential in the Comprehensive Plan. An amendment to the Comprehensive Plan to high density residential will be required in order for the project to move forward as planned.
- The City of Richfield and its HRA have a long history of partnering with organizations that best serve its residents. Supporting housing stability for people with the lowest incomes is a way to further the community's commitment to equitable opportunities for all.

C. CRITICAL TIMING ISSUES:

- Beacon and staff are in the process of negotiating a Contract and are requesting an extension of the Agreement until that is completed. The Agreement commits the HRA to reserving the land while Beacon works to obtain funding for the project.

D. FINANCIAL IMPACT:

- The Agreement requires that the HRA and Beacon explore potential financial assistance for the project, including a reduced land price and/or funding through the Affordable Housing Trust Fund. This work has begun and recommendations to the HRA expected in the coming months.
- Beacon has and will continue to cover the HRA's financial consultant and legal fees related to the project up to a maximum of \$15,000, without authorization by both parties.

E. LEGAL CONSIDERATION:

- The HRA Attorney prepared the amendment.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the amendment.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

| Description | Type |
|--|--------------------|
| □ Resolution | Resolution Letter |
| □ Amended and Restated Preliminary Redevelopment Agreement | Contract/Agreement |
| □ Aerial Photograph of Site | Exhibit |

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF AMENDED AND
RESTATED PRELIMINARY REDEVELOPMENT AGREEMENT WITH BEACON
INTERFAITH HOUSING COLLABORATIVE**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns the real property located at 6613-6625 Portland Avenue South (the “Redevelopment Property”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, the Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation (the “Redeveloper”) proposes to purchase the Redevelopment Property from the HRA and construct on the Redevelopment Property a multifamily housing project consisting of 40 supportive housing units and 25 underground parking spaces (the “Project”); and

WHEREAS, the Redeveloper proposes that all of the units within the Project will be affordable, with a portion of the units occupied by residents whose incomes do not exceed thirty percent (30%) of the area median gross income and the remainder of the units occupied by residents whose incomes do not exceed fifty percent (50%) of the area median gross income; and

WHEREAS, the Redeveloper and the Authority have been engaged in informal discussion regarding the Project, including consideration of the Authority selling the Redevelopment Property to the Redeveloper at a reduced cost, providing financial assistance for the Project using pooled tax increment from the Affordable Housing Trust Fund or providing both; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has been presented with an Amended and Restated Preliminary Redevelopment Agreement (the “Preliminary Redevelopment Agreement”) between the Authority and the Redeveloper, which sets forth the Redeveloper’s intentions and the conditions under which the Redeveloper will undertake the Project; and

WHEREAS, the Board has reviewed the Preliminary Redevelopment Agreement and finds that the execution thereof by the Authority and performance of the Authority’s obligations thereunder are in the best interest of the City of Richfield and its residents; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The Amended and Restated Preliminary Redevelopment Agreement presented to the Board and on file with the staff of the Authority is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director; provided that execution of such document by such officials shall be conclusive evidence of approval.

2. The Chair and Executive Director are hereby authorized to execute the Amended and Restated Preliminary Redevelopment Agreement on behalf of the Authority and to carry out on the Authority’s obligations thereunder.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield,
Minnesota this 16th day of January, 2023.

Erin Vrieze Daniels, Acting Chair

ATTEST:

Gordon Hanson, Interim Secretary

AMENDED AND RESTATED PRELIMINARY REDEVELOPMENT AGREEMENT

THIS AMENDED AND RESTATED PRELIMINARY REDEVELOPMENT AGREEMENT, made as of the ____ day of _____, 2023 (the “Agreement”), is between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the “Authority”), and Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation (the “Redeveloper”). The Authority and the Redeveloper are referred to herein as the “Parties” or a “Party.” This Amended and Restated Preliminary Redevelopment Agreement replaces and supersedes the Preliminary Development Agreement dated April 18, 2022.

RECITALS

First: The Redeveloper and the Authority have been engaged in informal discussions regarding the redevelopment of certain real property located at 6613-6625 Portland Avenue South in the City of Richfield, Minnesota (the “City”), which is legally described in EXHIBIT A attached hereto (the “Redevelopment Property”);

Second: The Redeveloper proposes to purchase the Redevelopment Property from the Authority and construct on the Redevelopment Property a multifamily housing project consisting of approximately 40 supportive housing units and approximately 25 underground parking spaces (the “Project”);

Third: All of the units within the Project will be affordable, with a portion of the units occupied by residents whose incomes do not exceed thirty percent (30%) of the area median gross income and the remainder of the units occupied by residents whose incomes do not exceed fifty percent (50%) of the area median gross income;

Fourth: In order to assist the Redeveloper with the Project, the Authority is considering either selling the Redevelopment Property to the Redeveloper at a reduced cost, providing financial assistance for the Project using pooled tax increment from the Affordable Housing Trust Fund or providing both;

Fifth: Based on initial reviews of the proposal, it appears that the Project is potentially feasible; however, further review is needed;

Sixth: The Parties wish to cooperate in further analyzing the potential and the feasibility of the Project and are willing to proceed with such analysis as described in this Agreement;

Seventh: The Parties acknowledge that the Redeveloper will expend substantial time and effort, and incur substantial expense in pursuing the Project;

Eighth: The Redeveloper is willing to undertake the activities described in this Agreement only with the reasonable assurance from the Authority that it will support and cooperate with the Redeveloper in its efforts;

Ninth: The Authority and the Redeveloper have executed this Agreement to document their understanding with respect to the proposed Project.

Tenth: This Agreement is effective from the date hereof through January 31, 2024 (the “Term”), but may be extended by the mutual agreement of both Parties.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual obligations of the Parties contained herein, each of them does hereby represent, covenant and agree with the other as follows:

1. Statement of Intent.

It is the intention of the Parties that during the Term of this Agreement the following activities will take place:

- (a) Plan Review and Refinement. The Redeveloper completed and provided a general redevelopment plan, including parking layout and design, to the Authority for review and comment prior to May 16, 2022. Following the sketch plan review, the Redeveloper will undertake any additional studies or refinements to the general redevelopment plan for the Project that are necessary to determine that the plan (i) complies with the City's land use requirements; and (ii) provides sufficient detail to permit the reviews described in Section 1(d) below. The requirements of this Section 1(a) have been completed.
- (b) Financial Feasibility. The Redeveloper provided to the Authority a financial feasibility analysis of the Project, including a detailed sources and uses of all funding and all expenditures expected for the construction of the Project and a Project pro forma. The financial feasibility analysis specified what financing will be obtained for the Project and from what sources and the amount of equity to be contributed to the Project.
- (c) Authority Analysis of Project. Following the receipt from the Redeveloper of the information set forth in Section 1(a) through (b) hereof, the Authority's fiscal consultant is conducting a financial analysis of the Redeveloper and the Project. The purpose of the Authority's analysis is to determine the Redeveloper's ability to finance the proposed Project. The analysis will consider such factors as the Redeveloper's capability to arrange for financing, the anticipated level of assistance available to the Project from the Authority or other sources, and the Redeveloper's ability to provide equity to the Project.
- (d) Acquisition of Redevelopment Property by Redeveloper. The Authority currently owns the Redevelopment Property. The Authority understands that in order for the Project to proceed, the Redeveloper must purchase the Redevelopment Property from the Authority. The Authority Board must hold a duly noticed public hearing before conveying the Redevelopment Property to the Redeveloper.
- (e) Contract Negotiation. On or before March 31, 2023, the Parties will attempt in good faith to negotiate the terms of a contract for private development (the "Contract") which will provide the terms of sale and the purchase price of the Redevelopment Property, the nature and timing of the Project and any private improvements to be constructed, and the form, amount and conditions of any economic assistance to be provided by the Authority for the Project. The Contract will contain such additional terms as either Party believes are necessary for the transaction.
- (f) Right of Entry. During the Term of this Agreement (as may be extended by the mutual agreement of both Parties), the Authority will grant the Redeveloper a right to enter the Redevelopment Property as necessary for surveying the Redevelopment Property, geotechnical and environmental tests, marketing to potential commercial tenants, and

other studies of the Redevelopment Property. The Authority will also allow the Redeveloper to post a development and/or marketing sign on the Redevelopment Property.

- (g) Cooperation with Grant Applications. The Redeveloper plans to prepare applications for various grants for the Project, including but not limited to a Hennepin County Supportive Services Grant (the “Hennepin County Grant”). The Redeveloper will provide the Authority with applications for the Hennepin County Grant by April 30, 2022. The Authority agrees to cooperate with the Redeveloper to obtain the various grants, including supplying information for the grant applications and requesting approval from the Authority Board if necessary.
- (h) Tax Credit Application. The Redeveloper will apply for tax credits for the Project on or before July 30, 2023.

2. Undertaking by Redeveloper.

During the Term of this Agreement, the Redeveloper will undertake all of the activities necessary, in the Redeveloper’s discretion, to accomplish the activities described in Section 1 of this Agreement required to be performed by the Redeveloper.

3. Undertaking and Agreement by Authority.

The Authority agrees to cooperate with the Redeveloper in the Redeveloper’s undertakings and agrees to utilize its best efforts, subject to the Redeveloper’s performance, to accomplish the activities described in Section 1 of this Agreement, which includes an analysis of the financial feasibility of the Project and the nature, area, and financial implications of any tax increment financing district which might be established.

4. Term.

This Agreement is effective from the date hereof through January 31, 2023, unless extended with approval of the Authority Board, provided, in the event either Party, after consultation with the other Party, determines in good faith that the other Party is not diligently pursuing the Project or its obligations hereunder; or the Redeveloper determines, in good faith, that the Project is not feasible, such determining Party may terminate this Agreement upon thirty (30) days’ written notice to the other. The Authority may also terminate this Agreement for failure of the Redeveloper to provide additional funds pursuant to Section 5 below. The Parties each waive any claim or cause of action that they may have against the other Party based upon the termination of this Agreement by such other Party. The Parties may, by mutual written agreement, extend the Term of this Agreement for such further periods as determined to be appropriate from time to time.

5. Administrative Costs of Authority.

The Redeveloper agrees and understands that it is responsible for and will pay to the Authority \$2,000 in Authority staff costs, along with all out-of-pocket costs incurred by the Authority (including without limitation reasonable attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the activities and the Project contemplated hereunder (collectively, the “Administrative Costs”). The Authority and Redeveloper agree that the Administrative Costs shall not exceed \$15,000 unless

agreed to by both Parties. The Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the Authority.

Upon execution of this Agreement, the Redeveloper will deliver a deposit to the Authority in the amount of \$5,000 (the "Deposit") to pay Administrative Costs. If at any time the Deposit drops below \$1,000, the Redeveloper shall replenish the deposit to the full \$5,000 within thirty (30) days after receipt of written notice thereof from the Authority. The Authority shall provide invoices to the Redeveloper for all payments deducted from the Deposit. If at any time the Deposit is insufficient to pay invoices related to the Project, the Authority will ask for additional Deposits from the Redeveloper. If the additional Deposit is not made within thirty (30) days following the date of such request, the Authority may elect to either suspend its performance under this Agreement or terminate this Agreement. Such suspension or termination will be effective on the date it is given in writing, or on such later date specified in the notification. Any unexpended or unencumbered portion of the Deposit shall be returned to the Redeveloper upon the expiration or termination of this Agreement.

6. Termination of Agreement.

This Agreement may be terminated upon five (5) days' written notice by a Party to the other Party if:

- (a) in the respective good faith judgment of any Party, an impasse has been reached in the negotiation or implementation of any material term or the completion or execution of any material condition of this Agreement or the Contract; or
- (b) a Party fails to perform any of its obligations under this Agreement.

7. Assignment. The Redeveloper may assign its rights under this Agreement to Astor Commons Limited Partnership.

8. Miscellaneous.

- (a) This Agreement constitutes the entire agreement between the Parties relative to the proposed Project. Unless specifically described herein, no obligation shall be inferred or construed.
- (b) The redevelopment of the Redevelopment Property will be in accordance with the Contract or other agreements which the Parties shall, in good faith, attempt to negotiate during the Term of this Agreement.
- (c) The Redeveloper understands that further and separate action, for which no obligation is created hereunder, will be required before the Authority or the Redeveloper is obligated to take various actions with respect to the Project. Those actions may include, without limitation:
 - 1) Zoning and subdivision approvals to the extent any are required;
 - 2) Construction of public improvements to serve the Project; and
 - 3) Negotiation of and approval of the Contract by the Authority Board.

- (d) The Redeveloper further understands that many of the actions which the Authority or the City may be called upon to take require the reasonable discretion and, in some instances, the legislative judgment of the Authority or the City, and such actions may be made only following established procedures; and the Authority may not, by agreement, agree in advance to any specific decision in such matters.
- (e) Notice or demand or other communication between or among the Parties shall be sufficiently given if sent by certified or registered mail, postage prepaid, return receipt requested or delivered personally:

Beacon Interfaith Housing Collaborative
2610 University Avenue West, Suite 100
Saint Paul, MN 55114
Attn: Kevin Walker, Vice President of Housing

Housing and Redevelopment Authority
in and for the City of Richfield, Minnesota
6700 Portland Avenue South
Richfield, MN 55423
Attn: Melissa Poehlman, Executive Director

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Parties have executed this Preliminary Redevelopment Agreement effective the date and year first above written.

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
RICHFIELD, MINNESOTA

BEACON INTERFAITH HOUSING
COLLABORATIVE, a Minnesota nonprofit
corporation

By: _____
Erin Vrieze Daniels
Its: Acting Chair

By: _____
Lee Bons
Its: President

By: _____
Melissa Poehlman
Its: Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF THE REDEVELOPMENT PROPERTY

[INSERT LEGAL DESCRIPTION]

The Richfield Site

66th Street East and Portland Avenue South





STAFF REPORT NO. 3
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
1/17/2023

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
1/11/2023

ITEM FOR COUNCIL CONSIDERATION:

Consideration of an amendment to the Contract for Private Development with MWF Properties for the development of 55 units of multi-family housing at 7700 Pillsbury Avenue South, extending the Contract for Private Development deadline to January 15, 2024.

EXECUTIVE SUMMARY:

In December of 2021, the Housing and Redevelopment Authority (HRA) approved a Contract for Private Development (Contract) with MWF Properties (Developer) to construct 55 units of affordable apartments on HRA-owned property located at 7700 Pillsbury Avenue South. In July of 2022, the Developer applied for nine percent tax credits from the State of Minnesota to finance the project but found out in December that the project was not awarded funding.

The Developer is asking the HRA to extend the Contract for an additional year to enable them to apply again for tax credits. There are several factors that give the Developer some confidence that they could be successful in a re-application:

1. The project was just one point short of receiving funding in 2022.
2. If the Legislature approves a bonding bill this session, there will be additional funds available in the form of Housing Infrastructure Bonds (HIBs) this year. In 2022, the Legislature failed to pass a bonding bill, so there were no HIBs available and therefore more projects seeking the limited amount of funding available through nine percent tax credits. Only 30% of the projects seeking tax credits received an award in 2022.

In May, the Developer will discuss the project with staff to determine if conditions continue to be favorable for a successful application (e.g., a bonding bill is passed, construction costs and interest rates stabilize). If it seems unlikely the project would receive an award, the Developer and the HRA could decide to cancel the Contract at that time.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving an amendment to the Contract for Private Development with MWF Properties for the development of 55 units of multi-family housing at 7700 Pillsbury Avenue South, extending the Contract for Private Development deadline to January 15, 2024.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The property at 7700 Pillsbury Avenue South was originally the site of the City Garage/Public

Works facility offices. After garage operations were moved to the new Public Works facility at 66th Street and Trunk Highway 77, the property was transferred to the HRA to be marketed for redevelopment.

- In 2019, the HRA approved a Contract for Private Development with MWF Properties to develop 55 units of work force housing on the HRA-owned property at 7700 Pillsbury Avenue South. The project applied for but was not awarded nine percent tax credits, and the Contract for Private Development expired.
- In 2021, MWF decided to reconsider developing a project on this site and presented an updated concept at a work session on October 18, 2021.
- On December 20, 2021, the HRA approved a Contract for Private Development with MWF to develop 55 units of affordable housing at 7700 Pillsbury Avenue South.
- The Developer sought tax exempt bond financing last January, however, insufficient funds were available to meet their request. The Developer re-worked the project again, lowering affordability levels and adding four-bedroom units, and applied to Minnesota Housing with a dual application for nine percent or four percent tax credits and/or Housing Infrastructure Bonds (HIBs). The Developer received news in December that the project would not be awarded funding.
- The currently proposed project provides seven Housing Support units, five 811 units for disabled individuals, six units reserved for persons or families whose income is 30% or less of the metro Area's Median Income (AMI), 19 units reserved for persons or families whose income is 50% or less of the AMI, and 18 units reserve for persons or families whose income is 60% or less of the AMI.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The proposed project exceeds the requirements of the Inclusionary Housing Policy, which requires that 20% of all projects assisted with public financing be affordable at 60% of the AMI.
- The Qualified Allocation Plan (QAP) for 2023-2024, which sets policy for the allocation of tax credits in the state, includes scoring criteria that is similar to 2022.

C. CRITICAL TIMING ISSUES:

- The application for tax credits is due in July of 2023.
- The Developer will also need to apply for an extension of their land use approvals, which expire on May 10, 2023.
- The proposed amendment extends the Contract to January 15, 2024. If the Developer fails to apply for tax credits in July, the Contract can be cancelled by either party.

D. FINANCIAL IMPACT:

- Under the terms of the Contract, Tax Increment Financing (TIF) in the amount of \$881,848 and in the form of a Pay Go Note would be issued for the project. It would take the entire life of the TIF District to meet this obligation.
- The property has been tax exempt for many years (its prior use was as the City Garage). Upon approval of the TIF District, a base value of the vacant land will be established, and that amount of taxes collected on that value will be paid to all taxing jurisdictions.
- The Developer would pay \$70,000 for the land. Under the terms of an agreement reached years ago, those sales proceeds would be transferred to the City to be used to buy down the bonds that were sold to pay for the construction of the City's Public Works facility.
- Under the terms of the Contract, the HRA would not consider other offers to purchase the property until the Contract has expired in January 2024 or is cancelled before that time.

E. LEGAL CONSIDERATION:

- A Housing TIF District would need to be established to provide tax increment to the project. The property is currently within a Redevelopment TIF District; however, the project did not meet the requirement to begin construction within five years of the District's establishment, so a new District will need to be created.

ALTERNATIVE RECOMMENDATION(S):

- Decide not to approve an extension of the Contract for Private Development with MWF Properties.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

| Description | Type |
|--------------|--------------------|
| □ Resolution | Resolution Letter |
| □ Amendment | Contract/Agreement |
| □ Site Plan | Backup Material |

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION APPROVING AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT
WITH MWF PROPERTIES, LLC**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") was created pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Richfield, Minnesota (the "City"); and

WHEREAS, MWF Properties, LLC, a Minnesota limited liability company (the "Developer"), intends to acquire certain property from the Authority (the "Development Property") and construct thereon a multifamily housing development, which shall include seven (7) HPH Housing Support units, five (5) 811 units for disabled individuals, six (6) units reserved for persons or families whose income is thirty percent (30%) or less of the metro area's median gross income, and nineteen (19) units reserved for persons or families whose income is fifty percent (50%) or less of the metro area's median gross income (the "Minimum Improvements"); and

WHEREAS, the Authority and the Developer entered into a Contract for Private Development, dated December 20, 2021 (the "Original Agreement"), pursuant to which the Developer agreed to construct the Minimum Improvements, and the Authority agreed to reimburse the Developer for certain public redevelopment costs associated with the Minimum Improvements (the "Public Redevelopment Costs"); and

WHEREAS, the Board of Commissioners of the Authority (the "Board") previously approved amendments to the Original Agreement by motion at its June 21, 2022 meeting, pursuant to which the Developer changed the project to a 9% tax credit project, changed the affordability mix of units to include four-bedroom units, and explored implementation of energy efficiency measures, and the Authority increased the maximum amount of funds to be reimbursed to the Developer as Public Redevelopment Costs by \$200,000; and

WHEREAS, the Developer requires housing allocation ("Housing Allocation") to construct the Minimum Improvements and proceed under the Original Agreement, and the Developer was unsuccessful in its January 2023 bid for Housing Allocation through the Minnesota Housing Finance Agency; and

WHEREAS, the Developer has requested an amendment to the Original Agreement to (i) extend the date the Development Property may be conveyed to the Developer and (ii) extend the dates that construction on the Minimum Improvements will start and end to provide the Developer with additional opportunities to seek Housing Allocation and time to complete due diligence on the financing for the Minimum Improvements; and

WHEREAS, there has been presented to the Board a form of First Amendment to Contract for Private Development (the "First Amendment") between the Authority and the Developer, which sets forth the requested amendments to the Original Agreement; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The First Amendment presented to the Board and on file with the staff of the Authority is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director; provided that execution of such document by such officials shall be conclusive evidence of approval.

2. The Chair and Executive Director are hereby authorized to execute the First Amendment on behalf of the Authority and to carry out the Authority's obligations thereunder.

3. The Chair and the Executive Director are hereby further authorized to execute and deliver any and all documents deemed necessary to carry out the intentions of the First Amendment and this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 17th day of January, 2023.

Erin Vrieze Daniels, Acting Chair

ATTEST:

Gordon Hanson, Interim Secretary

FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT

THIS FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT (the “First Amendment”), made as of the ____ day of January, 2023, between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and MWF PROPERTIES, LLC, a Minnesota limited liability company (the “Developer”), and amends the Contract for Private Development, dated December 20, 2021, between the Authority and the Developer (the “Original Agreement”). The Original Agreement was recorded on February 9, 2022 in the Office of the Registrar of Titles of Hennepin County, Minnesota as Document No. 5920912.

WITNESSETH:

WHEREAS, the Developer intends to acquire certain property from the Authority legally described in EXHIBIT A attached to the Original Agreement (the “Development Property”) and construct thereon a multifamily housing development, which shall include 55 units of multifamily housing, which shall include seven (7) HPH Housing Support units, five (5) 811 units for disabled individuals, six (6) units reserved for persons or families whose income is thirty percent (30%) or less of the metro area’s median gross income, nineteen (19) units reserved for persons or families whose income is fifty percent (50%) or less of the metro area’s median gross income, and eighteen (18) units reserve for persons or families whose income is sixty percent (60%) or less of the metro area’s median gross income (the “Minimum Improvements”); and

WHEREAS, pursuant to the Original Agreement, the Developer agreed to construct the Minimum Improvements, and the Authority agreed to reimburse the Developer for certain public redevelopment costs associated with the Minimum Improvements (the “Public Redevelopment Costs”); and

WHEREAS, the Board previously approved amendments to the Original Agreement by motion at its June 21, 2022 meeting, pursuant to which the Developer changed the project to a 9% tax credit project, changed the affordability mix of units to include four-bedroom units, and explored implementation of energy efficiency measures, and the Authority increased the maximum amount of funds to be reimbursed to the Developer as Public Redevelopment Costs by \$200,000; and

WHEREAS, the Developer requires housing allocation (“Housing Allocation”) to construct the Minimum Improvements and proceed under the Original Agreement, and the Developer was unsuccessful in its January 2023 bid for Housing Allocation through the Minnesota Housing Finance Agency; and

WHEREAS, the Authority has agreed to, among other things, (i) extend the date the Development Property may be conveyed to the Developer and (ii) extend the dates that construction of the Minimum

Improvements will commence to provide the Developer with additional opportunities to seek Housing Allocation and time to complete due diligence on the financing for the Minimum Improvements; and

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Amendments

Section 1.1. Amendments to Section 1.1 of the Original Agreement. The following definitions set forth in Section 1.1 of the Original Agreement are hereby amended as follows (deleted language is stricken, and new language is underlined):

“Agreement” means ~~this Contract for Private Development~~ collectively the Original Agreement, as amended by the First Amendment, as the same may be from time to time modified, amended, or supplemented.

Section 1.2. Additions to Section 1.1 of the Original Agreement. The following definitions are hereby added to Section 1.1. of the Original Agreement:

“First Amendment” means the First Amendment to Contract for Private Development between the Authority and the Developer.

“Original Agreement” means the Contract for Private Development, dated December 20, 2021, between the Authority and the Developer.

Section 1.3. Amendments to Sections 3.2(f) and 3.2(g) of the Original Agreement. Sections 3.2(f) and 3.2(g) of the Original Agreement are hereby amended as follows (deleted language is stricken, and new language is underlined):

(f) ~~If the Developer receives housing allocation in 2022, the Developer shall obtain all of the land use approvals required for the Minimum Improvements on or prior to 180 days after receiving housing allocation but in no event later than December 31, 2022. The Developer previously obtained the land use approvals required for the Minimum Improvements.~~ If the Developer receives housing allocation ~~in on or prior to January 15, 2023~~, the Developer shall ~~obtain~~ apply for an extension of all of the land use approvals required for the Minimum Improvements on or prior to 180 days after receiving housing allocation. If the Developer receives housing allocation on or prior to January 15, 2024, the Developer shall apply for an extension of all of the land use approvals required for the Minimum Improvements on or prior to 180 days after receiving housing allocation.

(g) Notwithstanding the foregoing, the Closing will not take place until the Developer has received housing allocation ~~from Minnesota Management and Budget through the Minnesota Housing Finance Agency, has applied for tax credits through the Minnesota Housing Finance Agency, and obtained~~ applied for an extension of all necessary land use approvals from the City. In the event that the Developer has not applied for tax credits ~~through the Minnesota Housing Finance Agency by July 31, 2023~~, the Authority agrees to allow the Developer to request housing allocation on or prior to January 15, 2023, this Agreement will terminate and be of no further force or effect, and the parties will be relieved of any further obligations hereunder. In the event the Developer has

applied for tax credits through the Minnesota Housing Finance Agency by July 31, 2023, but does not receive tax credits by January 15, 2024, this Agreement will terminate and be of no further force and effect, and the parties will be relieved of any further obligations hereunder.

Section 1.4. Amendments to Section 4.3 of the Original Agreement. Section 4.3 of the Original Agreement is hereby amended as follows (deleted language is stricken, and new language is underlined):

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, if the Developer receives housing allocation ~~from Minnesota Management and Budget through the Minnesota Housing Finance Agency in 2022~~2023, the Developer will commence the construction of the Minimum Improvements within 180 days of receipt of the housing allocation, and will substantially complete construction of the Minimum Improvements by December 31, 2023. Subject to Unavoidable Delays, if the Developer receives housing allocation ~~from Minnesota Management and Budget through the Minnesota Housing Finance Agency in January 2023 or in January 2024~~, the Developer will commence the construction of the Minimum Improvements within 180 days of receipt of the housing allocation, and will substantially complete construction of the Minimum Improvements by December 31, ~~2024~~2025. Construction is considered to be commenced upon the beginning of physical improvements beyond grading. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans as submitted by the Developer and approved by the Authority. If the Closing is postponed pursuant to Section 3.2(g) hereof, the Developer shall commence construction of the Minimum Improvements within sixty (60) days of the Closing.

The Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Minimum Improvements.

ARTICLE II

Miscellaneous

Section 2.1. Definitions. Any capitalized terms used herein but not otherwise defined shall have the meanings assigned to such terms in the Original Agreement. Any references to the “Agreement” in the Original Agreement shall refer to the Original Agreement, as amended and supplemented by this First Amendment, and as may be further amended and supplemented.

Section 2.2. Effective Date. The amendments and supplements made to the Original Agreement by this First Amendment shall be effective as of January __, 2023.

Section 2.3. Confirmation of Original Agreement. Except as specifically amended by this First Amendment, the Original Agreement is hereby ratified and confirmed and remains in full force and effect.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Authority has caused this First Amendment to Contract for Private Development to be duly executed in its name and behalf and the Developer has caused this First Amendment to Contract for Private Development to be duly executed in its name and behalf as of the date and year first written above.

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF RICHFIELD,
MINNESOTA**

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this January ___, 2023, by _____, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this January ___, 2023, by Melissa Poehlman, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

THIS INSTRUMENT DRAFTED BY:
Kennedy & Graven, Chartered (JAE)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402-1299

Execution page of the Developer to the First Amendment to Contract for Private Development, dated the date and year first written above.

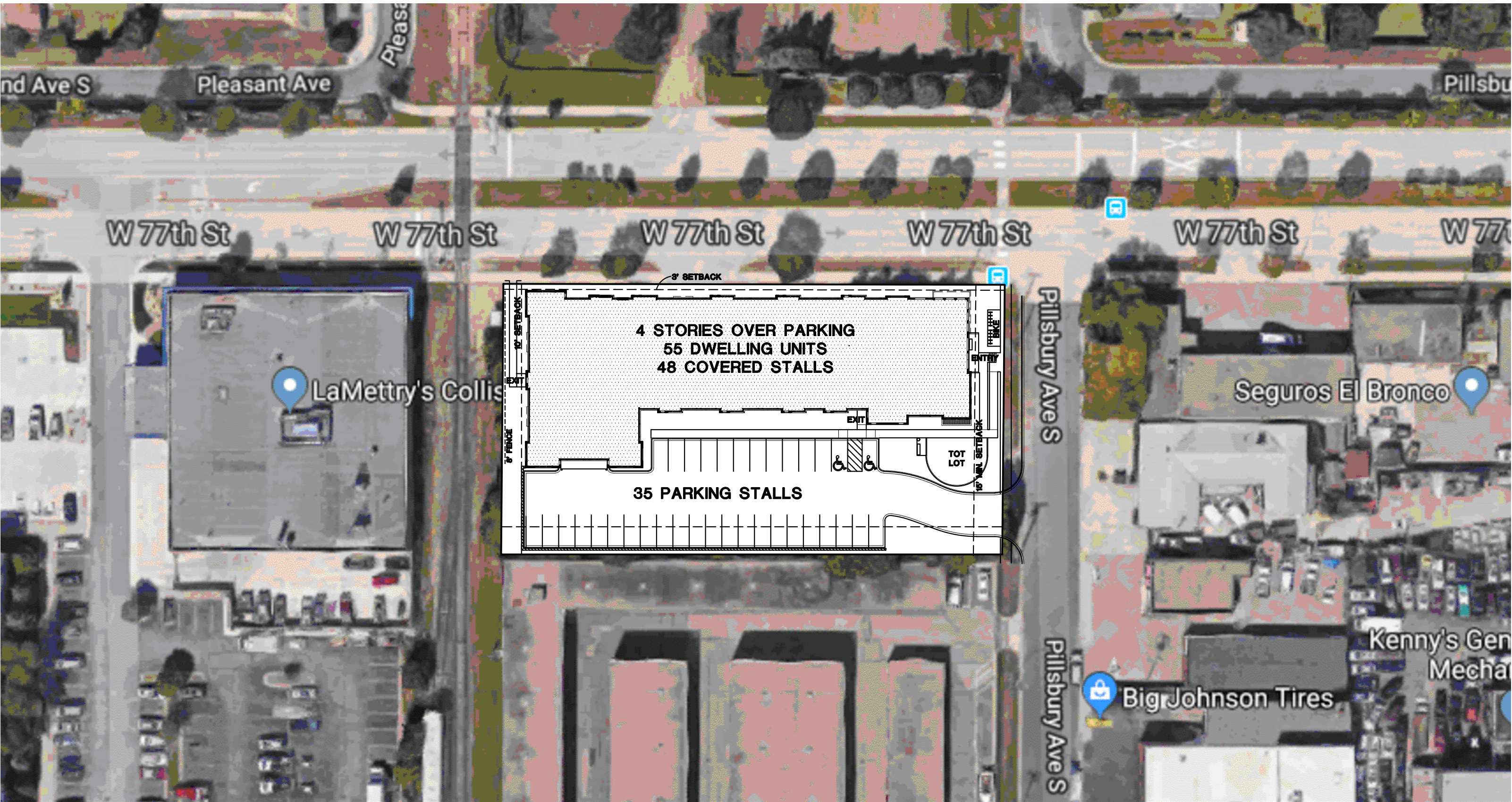
MWF PROPERTIES, LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this January __, 2023, by _____, the _____ of MWF Properties, LLC, a Minnesota limited liability company, on behalf of the Developer.

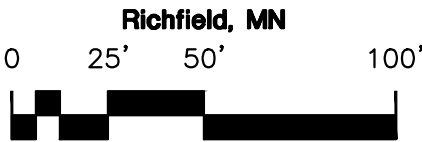
Notary Public



MWF PROPERTIES
7645 Lyndale Ave. S.
Minneapolis, MN 55423

MILLER HANSON ARCHITECTS
218 Washington Avenue North
Suite 230
Minneapolis, Minnesota 55401

7700 Pillsbury Ave. S.



SITE PLAN



- 55 DWELLING UNITS:**
- 13 1BR Units
 - 27 2BR Units
 - 15 3BR Units
 - 48 Parking Stalls in Garage
 - 35 Parking Stalls on grade