

REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS JUNE 21, 2021 7:00 PM

Call to Order

Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Lee Ohnesorge.

Mary Supple's Statement and Determination, as Chair of the Housing and Redevelopment Authority (HRA) and President of the Economic Development Authority (EDA) for the City of Richfield regarding returning to in person meetings.

Open Forum: To participate live in the open forum to address the HRA on items not on the current agenda dial 612-861-0651

Approval of the minutes of the May 17, 2021 Housing and Redevelopment meeting.

AGENDA APPROVAL

- 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. Consideration of the approval of revisions to the Richfield Rediscovered Lot Sale Program Guidelines and the Richfield Rediscovered Credit Program Guidelines.

Staff Report No. 16

B. Consideration of resolutions approving the conveyance of the northern portion of 6600 Logan Avenue South and 6600 Newton Avenue South from the Housing and Redevelopment Authority to the City of Richfield.

Staff Report No. 17

2. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

3. Consideration of a resolution supporting a tax credit application for a proposed multi-family housing development at 6501 Penn Avenue South.

Staff Report No. 18

OTHER BUSINESS

4. Consideration of approval of a Memorandum of Understanding with Benefactor Brewing.

Staff Report No. 19

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 612-861-9738.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting May 17, 2021

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m. via Webex.

HRA Members

Mary Supple, Chair; Maria Regan Gonzalez; Sue Sandahl, Lee Ohnesorge

and Erin Vrieze Daniels.

HRA Members

Absent:

Present:

None

Staff Present: John Stark, Community Development Director/Executive Director; Julie

Urban, Housing Manager; and LaTonia DuBois, Administrative Assistant.

Others Present: Rich Kettler, owner, Kettler Construction; Dan Kettler and Annie Baregi, end

buyers.

OPEN FORUM

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

No Callers.

APPROVAL OF THE MINUTES

M/Regan Gonzalez, S/Vrieze Daniels to approve the minutes of the 1) Joint City Council, Housing and Redevelopment and Planning Commission work session of April 19, 2021; and 2) the regular Housing and Redevelopment meeting of April 19, 2021.

Motion carried 4-0

Item #1 AGENDA APPROVAL

M/Regan Gonzalez, S/Vrieze Daniels to approve the agenda.

Motion carried 4-0

Item #2 CONSENT CALENDAR

Executive Director Stark presented the Consent Calendar:

A. Consider adoption of a resolution authorizing the Housing and Redevelopment Authority to affirm monetary limits on statutory municipality tort liability (Staff Report No. 14).

M/Vrieze Daniels, S/Regan Gonzalez to approve the Consent Calendar.

Motion Carried 4-0

RESOLUTION NO. 1393

RESOLUTION AFFIRMING MUNICIPAL TORT LIABILITY LIMITS ESTABLISHED BY MINNESOTA STATUTES 466.04

Item #3 CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR

None.

Item #4

PUBLIC HEARING AND CONSIDERATION OF THE ADOPTION OF A RESOLUTION AUTHORIZING THE SALE OF 6625 2ND AVENUE SOUTH TO KETTLER CONSTRUCTION AND THE APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT WITH KETTLER CONSTRUCTION FOR THE CONSTRUCTION OF A SINGLE FAMILY HOME THROUGH THE RICHFIELD REDISCOVERED PROGRAM. (S.R. NO. 15)

Housing Manager Urban presented Staff Report No. 15.

Chair Supple opened the public hearing; there were no callers for the public hearing.

Commissioner Sandahl joined the meeting at 7:08 pm.

M/Supple, S/Vrieze Daniels to close the public hearing.

Motion Carried 5-0

Commissioner Regan Gonzalez expressed excitement for the redevelopment and the inclusion of the Accessory Dwelling Unit.

Rich Kettler, Kettler Construction, inquired about subcontractor restrictions.

Housing Manager responded that subcontractors need to be licensed.

Executive Director Stark asked that Rich ensure his subcontractors follow labor laws.

M/Regan Gonzalez, S/Vrieze Daniels to <u>adopt a resolution authorizing the sale of 6625 2nd Avenue South to Kettler Construction; and to authorize the execution of a Contract for Private <u>Development between the Housing and Redevelopment Authority and Kettler Construction for the redevelopment of 6625 2nd Avenue South.</u></u>

Motion Carried 5-0

RESOLUTION NO. 1394

RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY LOCATED AT 6625 2ND AVENUE SOUTH TO KETTLER CONSTRUCTION

Item #5	HRA DISCUSSION ITEMS
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None.

Item #6	EXECUTIVE DIRECTOR'S REPORT	
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Executive Director Stark reported plans to reopen the Richfield Municipal Center and to hold the June meetings in person and instructed Commissioners to relay any concerns to him. Executive Director Stark also informed Commissioners of plans to have hybrid meetings in the future and provided an update on plans for Commissioners Oath of Office.

Item #7

M/Regan Gonzalez, S/Sandahl that the following claims be approved:

U.S. BANK	5/17/2021
Section 8 Checks: 132756-132852	\$175,567.32
HRA Checks: 33999-34012	\$54,693.85
TOTAL	\$230,261.17

Motion carried 5-0

Item #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:22 p.m.

Date Approved: June 21, 2021

	Mary B. Supple HRA Chair
LaTonia DuBois Administrative Assistant	John Stark Executive Director

AGENDA SECTION: AGENDA ITEM# Consent Calendar

1.A.



STAFF REPORT NO. 16 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 6/21/2021

REPORT PREPARED BY: Celeste McDermott, Housing Specialist

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Julie Urban, Acting Executive Director

6/14/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of revisions to the Richfield Rediscovered Lot Sale Program Guidelines and the Richfield Rediscovered Credit Program Guidelines.

EXECUTIVE SUMMARY:

The Richfield Rediscovered Lot Sale Program (Lot Sale Program) sells lots to builder/buyer teams for the development of newly constructed homes. The Richfield Rediscovered Credit Program (Credit Program) contributes \$50,000 towards the private construction of newly constructed homes. The objective of both programs is to replace smaller, substandard homes in Richfield with larger market rate homes. The Lot Sale Program and Credit Program Guidelines are tools for administering these Programs. Staff periodically reviews these Guidelines and recommends changes as appropriate.

The following changes to the Lot Sale Program Guidelines are recommended:

- Additional landscaping and site drainage requirements were added based on feedback from the City's Sustainability Specialist and the City Forester.
- Instead of a rebate that the applicant receives after the home is built, the Green Credit will now be a lot price reduction of between \$5,000 and \$10,000, depending on the actual efficiency improvements included.
- The Green Credit standards have been expanded and clarified to ensure that projects pursuing the Green Credit are well rounded.

The following changes to the Credit Program Guidelines are recommended:

- Additional landscaping and site drainage requirements were added based on feedback from the City's Sustainability Specialist and the City Forester.
- The new Green Credit standards have been added to the Credit program. An additional \$5,000-\$10,000 credit is available to projects that achieve the standards. The final amount will depend on the actual improvements incorporated.

RECOMMENDED ACTION:

By motion: Approve the recommended revisions to the Richfield Rediscovered Lot Sale Program Guidelines and to the Richfield Rediscovered Credit Program Guidelines.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

• The Richfield Rediscovered Program has been a successful program for replacing smaller, substandard housing with larger, higher-valued homes.

- Previously, the Green Credit was a rebate that applicants would receive after the home was
 completed. The Guideline revisions will change it to a lot price reduction for the Lot Sale Program
 or an additional credit amount for the Credit Program. This will provide additional incentive for
 applicants to pursue the Green Credit since it will help reduce upfront costs.
- The Green Credit Standards were updated based on feedback from the City's Sustainability Specialist and City Forester to ensure that projects are well rounded.

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

- The Housing and Redevelopment Authority (HRA) is responsible for the administration of Richfield Rediscovered and the successful replacement of over 130 substandard homes.
- The proposed adjustment requires builders to meet more specific sustainability standards in order
 to receive the Green Credit, and the Green Credit has been changed from a rebate received at
 the end to a lot price reduction for the Lot Sale Program and an additional credit for the Credit
 Program.
- The policy objectives of the Richfield Rediscovered Program are:
 - Removes substandard, functionally obsolete housing and eliminates its blighting influence;
 - Provides new, higher valued housing; and
 - · Alleviates shortage of housing choice for families.

C. CRITICAL TIMING ISSUES:

• There is one HRA owned lot which will be listed through the Richfield Rediscovered Lot Sale Program sometime this summer.

D. FINANCIAL IMPACT:

• Instead of a rebate issued after the house is built, the Green Credit will change to a reduction to the lot sale price for the Lot Sale Program and an additional credit amount for the Credit Program between \$5,000 and \$10,000, depending on the efficiency improvements incorporated.

E. LEGAL CONSIDERATION:

The HRA Attorney has reviewed the Program Guidelines.

ALTERNATIVE RECOMMENDATION(S):

• The HRA may choose not to approve the revisions to the Guidelines.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Туре
ם	Richfield Rediscovered Lot Sale Program Guidelines Revised	Exhibit
ם	Richfield Rediscovered Credit Program Guidelines Revised	Exhibit
D	Richfield Rediscovered Green Credit Standards	Backup Material

PROCEDURAL GUIDELINES REDEVELOPMENT CREDIT PROGRAM

Revised: June 21, 2021 February 21, 2017

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This document has been developed as a guidance tool for program administration. It should not be interpreted as constituting any contractual agreement or liability by the City or Housing and Redevelopment Authority (HRA).

I. Program Objectives

- To remove substandard, functionally obsolete housing on scattered sites throughout the city with new, higher-valued housing
- To eliminate the blighting influence of substandard housing, thus improving residential neighborhoods.
- To alleviate the shortage of housing choices for families.
- To facilitate "Market Rate Initiatives" which include:
 - Larger three- to four-bedroom, owner-occupied homes designed for families

These objectives will be achieved through the acquisition of property by private Buyers and the development of newly constructed homes.

II. Definitions

Buyer: An individual(s) who will build, own and occupy a new single-family home in Richfield.

The Buyer will occupy the property and not offer it for rent. The Buyer may not also function as the Builder on a Richfield Rediscovered project. The Buyer and Builder must be unrelated separate legal entities. A speculative project by a Buyer may be considered if all other program requirements can be met. However, neither the Buyer, the Buyer's Builder or Builder's subcontractors, or the Builder's realty agents may occupy or purchase the property.

Buyers, unless licensed in the trade specified, may not put any sweat equity into the construction of the foundation, wall/roof framing, shingling, exterior work, electrical/plumbing/HVAC systems or interior carpentry.

A Buyer, and all members of his/her household, is limited to building a home through the program no more than once every seven years.

Builder. Contractor who has signed contract with the Buyer to build a single-family home on the lot identified in the application.

Contract for Private Development: A contract between the HRA and the Buyer or Builder that establishes the conditions under which the lot will be sold and the proposed house will be developed.

Green Community Concepts Plan: A written plan indicating how the proposed development will incorporate green building features and concepts. Priority will be given to projects that incorporate green building features.

HRA: Housing and Redevelopment Authority in and for the City of Richfield.

Seller: Owner of property identified as eligible by the HRA based on condition, size and marketability.

Redevelopment Credit. To offset costs of acquisition and demolition, a redevelopment credit of \$50,000 is available from the HRA for a Buyer who acquires the property directly from the seller for redevelopment.

III. Program Basics

• Program is first-come, first-serve, subject to funding availability.

- Buyer purchases property, hires builder to demolish existing structures and constructs a new single-family home in conformance with program requirements.
- A \$50,000 Redevelopment Credit is available per completed property.
- Projects must be completed within one year of HRA approval of the project.
- A Buyer, and all members of his/her household, is only eligible to receive a Redevelopment Credit once every seven years

IV. Application Requirements

The following must be submitted for application to the program:

1. \$550 application fee

An application fee, in the form of a certified cashier's check made out to the Richfield HRA, must be paid at the time of application. This fee is non-refundable and is not part of the lot price.

- 2. Project Information Sheet
- 3. Purchase agreement

The Buyer must present a valid purchase agreement for the lot it proposes to redevelop. The closing must be scheduled after the date of the HRA meeting.

4. Blueprints

The layout of all levels, including basement and unfinished space, must be provided.

5. Elevations

Elevations of all four sides of the house, including view of garage shall be provided.

6. Site plan

The site plan shall indicate the location of the new house, walkways and garage.

7. Landscaping plan

A landscaping plan may be hand-drawn by the applicants, but must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch). The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.

8. Green Community Concepts Plan

The plan should indicate what Green Community Concepts will be incorporated into the project.

- 9. Detail of construction materials to be used on the project.
- 10. Construction timeline

Construction must be completed with one year of the purchase of the property.

- 11. Signed contract with Builder
- 12. Financial capability statement
 - a. A statement from a financial institution indicating willingness, with standard contingencies, to provide sufficient construction capital to complete the project.

- 13. Builder References
 - a. Five previous customers
 - b. Three major suppliers, one being the construction supplier
 - c. Building inspectors from two cities where the Builder has constructed new housing within the past three years
- 14. Proof of Builder's Comprehensive General Liability with Property Damage Protection.
- 15. Proof of sufficient worker's compensation insurance coverage by the Builder.
- 16. Written warranty program
 - a. To be provided to the Buyer, which guarantees at a minimum, warranted repairs as required by Minnesota State Statute.

V. Securing a Site

Participants identify a property on their own or from a list of Richfield Rediscovered-eligible properties provided by HRA staff. If the property has not already been qualified for the program, it must be evaluated for substandardness or market obsolescence. Upon request of a prospective Buyer, HRA staff may research the property, and arrange for a "Substandard Evaluation" to be conducted. An evaluator will inspect the interior for substandard qualification.

The Buyer is responsible for negotiating with the Seller on a purchase price. Once a purchase agreement between the Seller and Buyer has been signed, the Buyer should submit an application form and required supporting documents. Only when HRA staff has received a complete application, can the \$50,000 Redevelopment Credit be reserved. The reservation of funds is not an approval by the HRA. All applications must be brought to the HRA at a regularly-scheduled meeting for approval.

VI. Property Evaluation Considerations and Procedures

Properties with the lowest market values, poorest visibility, and/or a history of code violations, will be considered first for the program.

To be eligible for the Richfield Rediscovered program, a house must be structurally substandard and meet at least of one of the criteria in **Criteria A** and all of **Criteria B**.

Criteria A

- Obsolete design for block and area in which it is located.
- Deteriorated to the point that it has caused blight to other adjoining properties.
- Detrimental to the health or safety of abutting properties.
- Less than \$140,000 in value, as determined by the City of Richfield Assessing Department.

Criteria B

- Site can be developed with a new home within city code requirements, including conformance with the Zoning Code and the Comprehensive Plan
- Property does not cause negative impact on other redevelopment projects.
 Redevelopment projects may include:

- o Established commercial redevelopment areas
- Right-of-way improvement projects such as I-494, I-35W, Crosstown Highway 62, TH 77 and 66th Street
- Negative airport noise zones
- Stormwater/flood prevention improvement projects
- o Other, as determined by the HRA

At the request of an interested Buyer, staff will research the property and if it is believed that the property may qualify for the Richfield Rediscovered program, a "Substandard Evaluation" will be arranged. An evaluator will inspect the interior for substandard qualification.

If a property meets the substandard test during the independent "Substandard Evaluation", application procedures can continue. If the substandard test cannot be met, the property cannot be considered for the Richfield Rediscovered program.

At the discretion of staff, properties over 50 years old may also be required to be evaluated for historical significance through the Minnesota Historical Society.

VII. House Design and Site Development Requirements

Housing design is a critical element of the program. Siding materials, exterior façade presentation, roof, window, siding and building line variability, finished landscape, interior space function and use are all important issues of design to the HRA. The criteria were created to ensure that the homes built on the identified lots blend in with the surrounding neighborhood and respond to the specific concerns of the HRA.

All new houses built under the Richfield Rediscovered Program must meet the requirements of the City's Zoning Code and additional criteria, as listed in this document.

The development of all sites shall meet the development criteria listed below, as reviewed and approved by the HRA. To maximize the development of a given lot, the HRA reserves the right to explore all development options without obligating the HRA to support any specific proposal, idea or solicitation.

A. New Home Standards

- 1. Existing buildings must be demolished. If an existing garage is in good condition, it may be retained upon review by HRA staff and the Building Official.
- 2. New dwelling must be owner-occupied and single-family.
- 3. Three finished bedrooms are required.
- 4. Two finished bathrooms are required.
- 5. Two-car garage is required.
- 6. A full basement is required, unless the selected design results in a split-level or a garden-level type of basement. In the case of an "accessible" house, a basement may be omitted if it would otherwise prohibit accessible design elements.

B. Site Standards

After construction, the site must be fully landscaped, including plantings around the foundation.
The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.

At a minimum, tThe applicant must meet the "Landscaping and Screening Requirements" in the City's Zoning Code under Section 544.03, Subd. 4, General landscaping requirements and Subd. 5, Residential sites. The code is available on the City's website:

http://www.cityofrichfield.orgrichfieldmn.gov. Additionally, one approved landscaping feature will be required in both the front yard and back yard. Examples of acceptable landscaping features are: native plantings, pollinator gardens, and food gardens. The square footage of the landscaping feature must be reasonable in relation to lot size. SSOM compost will be required for all installations.

2. To the greatest extent possible, existing trees should be preserved. Any trees removed must be replaced (they do not have to be the same species or in the same location) and should be labeled on the required landscape plan. A lot review will be conducted by City staff to determine the health of existing trees as well as ideal placement of new trees to increase natural cooling efficiency. New trees must be species from the Forestry Department's approved list. A total of three trees will be required on the lot, including existing trees that can be preserved. A boulevard tree must be planted if there is not an existing one on the lot.

Unless otherwise specified by the Public Works Director, all tree species and their cultivars and varieties planted on the boulevard shall conform to the American Association of Nurserymen Standards and be at least 1 ½ to 2 inches (1.5-2") in diameter, six inches (6") above ground level, and at least nine feet (9') in height when planted. The crown shall be in good balance with the trunk.

- 2.3. Utility meters shall be screened from street view and locations must be specified on plans.
- 3.4. Site drainage should be accommodated on the site so that water is directed away from the new home and the neighboring properties. All downspouts must drain into the grass, a garden, or a rainwater harvesting system. Neighboring properties must not be disturbed by the creation of drainage swales. Specific storm water management requirements may be required, as appropriate, including the addition of gutters for specific sites. Construction and the finished structure must not have detrimental impact on storm water drainage patterns in the neighborhood.
- 4-5. All air conditioning units must be located in the rear yard of the house or as approved by the HRA.

C. Construction Requirements

- Existing trees must be protected during construction. A tree wrap with board reinforcements shall be sued on trees directly adjacent to active grading and construction area. Damaged or destroyed trees must be replaced.
- The construction site, neighboring properties and adjacent public streets shall be kept free of construction debris at all times.
- 3. No construction workers, construction equipment or construction material shall encroach upon neighboring properties.
- 4. The property shall have a new sanitary service line installed to the city sanitary sewer main consisting of schedule 40 PVC or equivalent. If there is an existing 6" sewer stub at the property line, it must be lined with 4" schedule 40 PVC or equivalent to the city's sanitary main, and it must include a "donut" at the end with cement.

The line must be televised after installation to ensure the following:

- 1. There are no obstructions in the line.
- 2. The PVC liner is not protruding into the city's sanitary sewer main line.

D. General Standards

- The value of the new home must meet or exceed the minimum value specified in the Contract for Private Redevelopment.
- All homes in the Richfield Rediscovered Program must be stick-built or high-quality modular, new construction.
- Exterior materials (siding, soffit, doors and windows) should be low-maintenance and durable.
 Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if
 properly stained or painted. Hardboard panels or hardboard lap siding are prohibited. Roof
 valleys should have metal valleys and not be woven.
- 4. Unit height and mass of the new house shall be compatible with the scale of the surrounding homes in the neighborhood.
- Plans must present a balanced and pleasing distribution of wall, door and window areas from all views
- 6. The dominance of the garage door must be minimized through placement, architectural detail, door design and utilization and design of windows. Front-loaded garages (where the garage door faces the street), shall not be located closer to the front lot line than the foremost facade of the principal building facing the front property line. Garage sidewalls that face the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the remainder of the dwelling. For lots that have alley access, the garage should be oriented to access the alley.
- 7. All building plans must have been prepared in consultation with an architect or qualified draftsperson. All requirements by the Building Inspections Division must be met.
- 8. All Richfield Rediscovered houses must meet or exceed Minnesota Energy Code requirements.
- All new homes should be built to provide high quality sound insulation. Recommendations for sound insulation measures may be provided on a site-by-site basis. All construction must conform to sound attenuation building standards as required by Zoning Ordinance Section 541.19 for properties located within the 2007 60-62 DNL Contour and 2007 63 or greater DNL contours.
- 10. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.
- 11. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense.

E. Green Community Concepts

Priority will be given to projects incorporating the green community concepts listed below. Any concepts the applicant would like considered during the application process should be explained in a cover letter submitted with the application. An additional credit will be provided to the Applicant for projects that meet the Criteria outlined in the attached "Green Credit Standards for Richfield Rediscovered". The credit amount will be a minimum of \$5,000 up to a maximum of \$10,000 depending on the actual costs of the measures provided.

 Protect and conserve water and soil. To reduce water consumption, consider the use of waterconserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.

- Minimize energy consumption. Reduce energy consumption by taking advantage of natural heating, cooling and day lighting, and by using energy-efficient appliances, equipment and lighting.
- 3. Enhance indoor environmental quality. Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
- Use environmentally-preferable materials and resources. Use locally-produced, salvaged and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
- Reduce waste. Reduce and manage wastes generated during the construction process and operation of buildings. When demolition occurs, consider the sorting and recycling of leftover materials and debris.

VIII. City Review Procedure

- 1. Applicant reviews proposed project with HRA staff before plans are finalized.
- 2. HRA Staff will review application to ensure conformance with House Design and Site Development Requirements.
- 3. HRA staff prepares a report and recommendation for the HRA.
- A Contract for Private Redevelopment is reviewed and signed by applicants in advance of the HRA meeting.
- 5. HRA reviews application and takes action at the HRA meeting.
- 6. If approved, the Contract for Private Redevelopment is executed by the HRA.
- Upon approval by the HRA, the applicant is responsible for acquiring the necessary building and demolition permits with the City of Richfield Inspections Department. If changes are required, the Buyer must notify HRA staff.

IX. Disbursement of Funds

Approved projects are eligible for a \$50,000 Redevelopment Credit. The Credit will be dispersed upon completion of the project (including landscaping) and the issuance of a Certificate of Completion by the Building Official. A lender may require a portion of the Redevelopment Credit be held as an escrow as part of the interim financing of the project, only to be released upon project completion.

The Buyers may also request the Redevelopment Credit to be issued in three installments. The first installment of \$20,000 would be issued at the time of closing, the second for \$20,000 when permits are pulled and the third for \$10,000 when the project has been completed and a Certificate of Completion has been issued by the Building Official. A mortgage will be filed and a lien put on the house until the project has been completed. Filing fees are the responsibility of the applicant.

The disbursement of funds will be outlined in the Contract for Private Redevelopment, to be executed by the HRA and the Buyer.

X. Solicitation of New Development Proposals

The HRA will advertise the Richfield Redevelopment program in publications or newspapers, by direct mail, or other methods as deemed appropriate, to solicit interest.

When the HRA has property information, it will provide the address of the property, lot dimensions and contact information of the seller. Interested parties may contact the owners directly. All purchase negotiations and timing issues must be resolved between the parties.

Properties identified by the applicant may also qualify. The HRA will review each one on a case-by-case basis.

A program information package will be available upon request to interested Buyers. The information packet will include the following:

- Richfield Rediscovered Procedural Guidelines
- Sample Contract for Private Redevelopment
- Application Cover Sheet
- · Project Information Sheet
- Lot List

XI. General Program Marketing

Richfield Rediscovered program marketing is entirely at the discretion of the HRA. It may include the following:

- Buyer Solicitation. The HRA may market the program to potential Buyers through promotional articles, direct mail, the Internet, or other methods as deemed appropriate. Buyers may be any financially capable individual or family, including first-time buyers, move-up buyers or emptynesters.
- 2. Public Promotion.
 - a. The HRA will periodically provide information about the program through articles in city publications, on the City's web site, on the Community Cable channel, or via press releases to promote community awareness.
 - b. A public open house may be held to provide an opportunity for residents and other interested parties to collectively view the finished homes. The Parade of Homes Fall Showcase and Spring Preview may also accomplish this.
 - C. .

XII. Data Privacy

The HRA is subject to Minnesota Statutes Chapter 13 (the "Minnesota Government Data Practices Act"). Under the Minnesota Government Data Practices Act, the names and addresses of applicants for or recipients of assistance under this program and the amount of assistance received under this program are public data. All other financial information submitted to the HRA for purposes of the program application is considered private data.

PROCEDURAL GUIDELINES REDEVELOPMENT CREDIT PROGRAM

Revised: June 21, 2021 February 21, 2017

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I. Program Objectives

- To remove substandard, functionally obsolete housing on scattered sites throughout the city with new, higher-valued housing
- To eliminate the blighting influence of substandard housing, thus improving residential neighborhoods.
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 - Larger three- to four-bedroom, owner-occupied homes designed for families

These objectives will be achieved through the acquisition of property by private Buyers and the development of newly constructed homes.

II. Definitions

Buyer: An individual(s) who will build, own and occupy a new single-family home in Richfield.

The Buyer will occupy the property and not offer it for rent. The Buyer may not also function as the Builder on a Richfield Rediscovered project. The Buyer and Builder must be unrelated separate legal entities. A speculative project by a Buyer may be considered if all other program requirements can be met. However, neither the Buyer, the Buyer's Builder or Builder's subcontractors, or the Builder's realty agents may occupy or purchase the property.

Buyers, unless licensed in the trade specified, may not put any sweat equity into the construction of the foundation, wall/roof framing, shingling, exterior work, electrical/plumbing/HVAC systems or interior carpentry.

A Buyer, and all members of his/her household, is limited to building a home through the program no more than once every seven years.

Builder. Contractor who has signed contract with the Buyer to build a single-family home on the lot identified in the application.

Contract for Private Development: A contract between the HRA and the Buyer or Builder that establishes the conditions under which the lot will be sold and the proposed house will be developed.

Green Community Concepts Plan: A written plan indicating how the proposed development will incorporate green building features and concepts. Priority will be given to projects that incorporate green building features.

HRA: Housing and Redevelopment Authority in and for the City of Richfield.

Seller: Owner of property identified as eligible by the HRA based on condition, size and marketability.

Redevelopment Credit. To offset costs of acquisition and demolition, a redevelopment credit of \$50,000 is available from the HRA for a Buyer who acquires the property directly from the seller for redevelopment.

III. Program Basics

• Program is first-come, first-serve, subject to funding availability.

- Buyer purchases property, hires builder to demolish existing structures and constructs a new single-family home in conformance with program requirements.
- A \$50,000 Redevelopment Credit is available per completed property.
- Projects must be completed within one year of HRA approval of the project.
- A Buyer, and all members of his/her household, is only eligible to receive a Redevelopment Credit once every seven years

IV. Application Requirements

The following must be submitted for application to the program:

1. \$550 application fee

An application fee, in the form of a certified cashier's check made out to the Richfield HRA, must be paid at the time of application. This fee is non-refundable and is not part of the lot price.

- 2. Project Information Sheet
- 3. Purchase agreement

The Buyer must present a valid purchase agreement for the lot it proposes to redevelop. The closing must be scheduled after the date of the HRA meeting.

4. Blueprints

The layout of all levels, including basement and unfinished space, must be provided.

5. Elevations

Elevations of all four sides of the house, including view of garage shall be provided.

6. Site plan

The site plan shall indicate the location of the new house, walkways and garage.

7. Landscaping plan

A landscaping plan may be hand-drawn by the applicants, but must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch). The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.

8. Green Community Concepts Plan

The plan should indicate what Green Community Concepts will be incorporated into the project.

- 9. Detail of construction materials to be used on the project.
- 10. Construction timeline

Construction must be completed with one year of the purchase of the property.

- 11. Signed contract with Builder
- 12. Financial capability statement
 - a. A statement from a financial institution indicating willingness, with standard contingencies, to provide sufficient construction capital to complete the project.

- 13. Builder References
 - a. Five previous customers
 - b. Three major suppliers, one being the construction supplier
 - c. Building inspectors from two cities where the Builder has constructed new housing within the past three years
- 14. Proof of Builder's Comprehensive General Liability with Property Damage Protection.
- 15. Proof of sufficient worker's compensation insurance coverage by the Builder.
- 16. Written warranty program
 - a. To be provided to the Buyer, which guarantees at a minimum, warranted repairs as required by Minnesota State Statute.

V. Securing a Site

Participants identify a property on their own or from a list of Richfield Rediscovered-eligible properties provided by HRA staff. If the property has not already been qualified for the program, it must be evaluated for substandardness or market obsolescence. Upon request of a prospective Buyer, HRA staff may research the property, and arrange for a "Substandard Evaluation" to be conducted. An evaluator will inspect the interior for substandard qualification.

The Buyer is responsible for negotiating with the Seller on a purchase price. Once a purchase agreement between the Seller and Buyer has been signed, the Buyer should submit an application form and required supporting documents. Only when HRA staff has received a complete application, can the \$50,000 Redevelopment Credit be reserved. The reservation of funds is not an approval by the HRA. All applications must be brought to the HRA at a regularly-scheduled meeting for approval.

VI. Property Evaluation Considerations and Procedures

Properties with the lowest market values, poorest visibility, and/or a history of code violations, will be considered first for the program.

To be eligible for the Richfield Rediscovered program, a house must be structurally substandard and meet at least of one of the criteria in **Criteria A** and all of **Criteria B**.

Criteria A

- Obsolete design for block and area in which it is located.
- Deteriorated to the point that it has caused blight to other adjoining properties.
- Detrimental to the health or safety of abutting properties.
- Less than \$140,000 in value, as determined by the City of Richfield Assessing Department.

Criteria B

- Site can be developed with a new home within city code requirements, including conformance with the Zoning Code and the Comprehensive Plan
- Property does not cause negative impact on other redevelopment projects.
 Redevelopment projects may include:

- o Established commercial redevelopment areas
- Right-of-way improvement projects such as I-494, I-35W, Crosstown Highway 62, TH 77 and 66th Street
- Negative airport noise zones
- Stormwater/flood prevention improvement projects
- o Other, as determined by the HRA

At the request of an interested Buyer, staff will research the property and if it is believed that the property may qualify for the Richfield Rediscovered program, a "Substandard Evaluation" will be arranged. An evaluator will inspect the interior for substandard qualification.

If a property meets the substandard test during the independent "Substandard Evaluation", application procedures can continue. If the substandard test cannot be met, the property cannot be considered for the Richfield Rediscovered program.

At the discretion of staff, properties over 50 years old may also be required to be evaluated for historical significance through the Minnesota Historical Society.

VII. House Design and Site Development Requirements

Housing design is a critical element of the program. Siding materials, exterior façade presentation, roof, window, siding and building line variability, finished landscape, interior space function and use are all important issues of design to the HRA. The criteria were created to ensure that the homes built on the identified lots blend in with the surrounding neighborhood and respond to the specific concerns of the HRA.

All new houses built under the Richfield Rediscovered Program must meet the requirements of the City's Zoning Code and additional criteria, as listed in this document.

The development of all sites shall meet the development criteria listed below, as reviewed and approved by the HRA. To maximize the development of a given lot, the HRA reserves the right to explore all development options without obligating the HRA to support any specific proposal, idea or solicitation.

A. New Home Standards

- 1. Existing buildings must be demolished. If an existing garage is in good condition, it may be retained upon review by HRA staff and the Building Official.
- 2. New dwelling must be owner-occupied and single-family.
- 3. Three finished bedrooms are required.
- 4. Two finished bathrooms are required.
- 5. Two-car garage is required.
- 6. A full basement is required, unless the selected design results in a split-level or a garden-level type of basement. In the case of an "accessible" house, a basement may be omitted if it would otherwise prohibit accessible design elements.

B. Site Standards

After construction, the site must be fully landscaped, including plantings around the foundation.
The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.

At a minimum, tThe applicant must meet the "Landscaping and Screening Requirements" in the City's Zoning Code under Section 544.03, Subd. 4, General landscaping requirements and Subd. 5, Residential sites. The code is available on the City's website:

http://www.cityofrichfield.orgrichfieldmn.gov. Additionally, one approved landscaping feature will be required in both the front yard and back yard. Examples of acceptable landscaping features are: native plantings, pollinator gardens, and food gardens. The square footage of the landscaping feature must be reasonable in relation to lot size. SSOM compost will be required for all installations.

2. To the greatest extent possible, existing trees should be preserved. Any trees removed must be replaced (they do not have to be the same species or in the same location) and should be labeled on the required landscape plan. A lot review will be conducted by City staff to determine the health of existing trees as well as ideal placement of new trees to increase natural cooling efficiency. New trees must be species from the Forestry Department's approved list. A total of three trees will be required on the lot, including existing trees that can be preserved. A boulevard tree must be planted if there is not an existing one on the lot.

Unless otherwise specified by the Public Works Director, all tree species and their cultivars and varieties planted on the boulevard shall conform to the American Association of Nurserymen Standards and be at least 1 ½ to 2 inches (1.5-2") in diameter, six inches (6") above ground level, and at least nine feet (9') in height when planted. The crown shall be in good balance with the trunk.

- 2.3. Utility meters shall be screened from street view and locations must be specified on plans.
- 3.4. Site drainage should be accommodated on the site so that water is directed away from the new home and the neighboring properties. All downspouts must drain into the grass, a garden, or a rainwater harvesting system. Neighboring properties must not be disturbed by the creation of drainage swales. Specific storm water management requirements may be required, as appropriate, including the addition of gutters for specific sites. Construction and the finished structure must not have detrimental impact on storm water drainage patterns in the neighborhood.
- 4-5. All air conditioning units must be located in the rear yard of the house or as approved by the HRA.

C. Construction Requirements

- Existing trees must be protected during construction. A tree wrap with board reinforcements shall be sued on trees directly adjacent to active grading and construction area. Damaged or destroyed trees must be replaced.
- The construction site, neighboring properties and adjacent public streets shall be kept free of construction debris at all times.
- 3. No construction workers, construction equipment or construction material shall encroach upon neighboring properties.
- 4. The property shall have a new sanitary service line installed to the city sanitary sewer main consisting of schedule 40 PVC or equivalent. If there is an existing 6" sewer stub at the property line, it must be lined with 4" schedule 40 PVC or equivalent to the city's sanitary main, and it must include a "donut" at the end with cement.

The line must be televised after installation to ensure the following:

- 1. There are no obstructions in the line.
- 2. The PVC liner is not protruding into the city's sanitary sewer main line.

D. General Standards

- The value of the new home must meet or exceed the minimum value specified in the Contract for Private Redevelopment.
- All homes in the Richfield Rediscovered Program must be stick-built or high-quality modular, new construction.
- Exterior materials (siding, soffit, doors and windows) should be low-maintenance and durable.
 Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if
 properly stained or painted. Hardboard panels or hardboard lap siding are prohibited. Roof
 valleys should have metal valleys and not be woven.
- 4. Unit height and mass of the new house shall be compatible with the scale of the surrounding homes in the neighborhood.
- Plans must present a balanced and pleasing distribution of wall, door and window areas from all views
- 6. The dominance of the garage door must be minimized through placement, architectural detail, door design and utilization and design of windows. Front-loaded garages (where the garage door faces the street), shall not be located closer to the front lot line than the foremost facade of the principal building facing the front property line. Garage sidewalls that face the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the remainder of the dwelling. For lots that have alley access, the garage should be oriented to access the alley.
- 7. All building plans must have been prepared in consultation with an architect or qualified draftsperson. All requirements by the Building Inspections Division must be met.
- 8. All Richfield Rediscovered houses must meet or exceed Minnesota Energy Code requirements.
- All new homes should be built to provide high quality sound insulation. Recommendations for sound insulation measures may be provided on a site-by-site basis. All construction must conform to sound attenuation building standards as required by Zoning Ordinance Section 541.19 for properties located within the 2007 60-62 DNL Contour and 2007 63 or greater DNL contours.
- 10. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.
- 11. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense.

E. Green Community Concepts

Priority will be given to projects incorporating the green community concepts listed below. Any concepts the applicant would like considered during the application process should be explained in a cover letter submitted with the application. An additional credit will be provided to the Applicant for projects that meet the Criteria outlined in the attached "Green Credit Standards for Richfield Rediscovered". The credit amount will be a minimum of \$5,000 up to a maximum of \$10,000 depending on the actual costs of the measures provided.

 Protect and conserve water and soil. To reduce water consumption, consider the use of waterconserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.

- Minimize energy consumption. Reduce energy consumption by taking advantage of natural heating, cooling and day lighting, and by using energy-efficient appliances, equipment and lighting.
- 3. Enhance indoor environmental quality. Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
- Use environmentally-preferable materials and resources. Use locally-produced, salvaged and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
- Reduce waste. Reduce and manage wastes generated during the construction process and operation of buildings. When demolition occurs, consider the sorting and recycling of leftover materials and debris.

VIII. City Review Procedure

- 1. Applicant reviews proposed project with HRA staff before plans are finalized.
- 2. HRA Staff will review application to ensure conformance with House Design and Site Development Requirements.
- 3. HRA staff prepares a report and recommendation for the HRA.
- A Contract for Private Redevelopment is reviewed and signed by applicants in advance of the HRA meeting.
- 5. HRA reviews application and takes action at the HRA meeting.
- 6. If approved, the Contract for Private Redevelopment is executed by the HRA.
- Upon approval by the HRA, the applicant is responsible for acquiring the necessary building and demolition permits with the City of Richfield Inspections Department. If changes are required, the Buyer must notify HRA staff.

IX. Disbursement of Funds

Approved projects are eligible for a \$50,000 Redevelopment Credit. The Credit will be dispersed upon completion of the project (including landscaping) and the issuance of a Certificate of Completion by the Building Official. A lender may require a portion of the Redevelopment Credit be held as an escrow as part of the interim financing of the project, only to be released upon project completion.

The Buyers may also request the Redevelopment Credit to be issued in three installments. The first installment of \$20,000 would be issued at the time of closing, the second for \$20,000 when permits are pulled and the third for \$10,000 when the project has been completed and a Certificate of Completion has been issued by the Building Official. A mortgage will be filed and a lien put on the house until the project has been completed. Filing fees are the responsibility of the applicant.

The disbursement of funds will be outlined in the Contract for Private Redevelopment, to be executed by the HRA and the Buyer.

X. Solicitation of New Development Proposals

The HRA will advertise the Richfield Redevelopment program in publications or newspapers, by direct mail, or other methods as deemed appropriate, to solicit interest.

When the HRA has property information, it will provide the address of the property, lot dimensions and contact information of the seller. Interested parties may contact the owners directly. All purchase negotiations and timing issues must be resolved between the parties.

Properties identified by the applicant may also qualify. The HRA will review each one on a case-by-case basis.

A program information package will be available upon request to interested Buyers. The information packet will include the following:

- Richfield Rediscovered Procedural Guidelines
- Sample Contract for Private Redevelopment
- Application Cover Sheet
- · Project Information Sheet
- Lot List

XI. General Program Marketing

Richfield Rediscovered program marketing is entirely at the discretion of the HRA. It may include the following:

- Buyer Solicitation. The HRA may market the program to potential Buyers through promotional articles, direct mail, the Internet, or other methods as deemed appropriate. Buyers may be any financially capable individual or family, including first-time buyers, move-up buyers or emptynesters.
- 2. Public Promotion.
 - a. The HRA will periodically provide information about the program through articles in city publications, on the City's web site, on the Community Cable channel, or via press releases to promote community awareness.
 - b. A public open house may be held to provide an opportunity for residents and other interested parties to collectively view the finished homes. The Parade of Homes Fall Showcase and Spring Preview may also accomplish this.
 - C. .

XII. Data Privacy

The HRA is subject to Minnesota Statutes Chapter 13 (the "Minnesota Government Data Practices Act"). Under the Minnesota Government Data Practices Act, the names and addresses of applicants for or recipients of assistance under this program and the amount of assistance received under this program are public data. All other financial information submitted to the HRA for purposes of the program application is considered private data.

Green Credit Standards for Richfield Rediscovered

	Requirement	Details
Overall Certification	Obtain one of the listed certifications, or propose a different certification to be approved by City staff. Share the submitted certification checklist or documents with City staff.	 □ GreenStar Homes – Silver □ MN GreenPath – Advanced or Master □ ENERGY STAR
Tree Standards	4 trees must be on the lot. Existing trees that remain throughout construction count towards this total. Must plant a boulevard tree if there is not an existing one.	Trees must be from the list of approved species (see attached). At least one ornamental must be a tree and not a shrub. Staff will conduct a lot review for ideal placement to increase natural heating/cooling efficiency. Unless otherwise specified by the Public Works Director, all tree species and their cultivars and varieties planted on the boulevard shall conform to American Association of Nurserymen Standards and be at least 1½ to 2 inches (1.5-2") in diameter, six inches (6") above ground level, and at least nine feet (9') in height when planted. The crown shall be in good balance with the trunk.
Landscaping	50% of "unbuilt" green space must be alternatively landscaped. One feature must be located in the front yard. SSOM compost use is required to fulfill this standard.	Approved landscaping elements: Native grasses/natural or conservation landscaping Gardens (pollinator, flower, food, etc.) Xeriscaping other proposals as approved by City staff

Water Conservation	Must include 1 or more features. All downspouts must be disconnected and drain into the grass, a garden, or a rainwater harvesting system. Install water-conserving appliances and fixtures.	Install a grass strip in the middle of the driveway for less impervious pavement. Install a rainwater harvesting system (i.e. a cistern) or rain barrels. Use permeable materials in walkways or patios.
Materials	Must include 1 or more features.	Enhance indoor environmental quality by using non-toxic building materials, ventilation and exhaust systems, and moisture control products and systems. Use locally-produced, salvaged and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials. Reduce waste generated during the construction process and operation of buildings. If demolition occurs, sort and recycle leftover materials and debris.
Energy Efficiency	Must include 1 or more features. All LED lighting, a programmable thermostat, a high-efficiency HVAC system, and attic insulation are required.	Reduce energy consumption by taking advantage of natural heating, cooling and day lighting. Install conduit for an EV charger so the garage is "EV-ready". Install solar panels. Install a heat pump system. Install all electric appliances.
Other	One of these features may count towards any of the above categories (except Trees, Landscaping, and	Install a green roof. Green roofs help manage storm water by mimicking hydrologic processes normally associated with open space. Plants capture rainwater and absorb it in their root zone, encouraging evapotranspiration and preventing much stormwater

Overall Certification)	from entering runoff streams.
	☐ Deconstruction of any existing building onsite.

List of Acceptable Tree Varieties

General conditions for selecting varieties of trees suitable are: hardiness, upright growth characteristics, lack of fruit or nuts, local availability, and price. Other varieties may be accepted by the City Forester.

Deciduous or coniferous trees

Birch, Prairie Dream

Birch, River

Birch, Whitespire

Buckeye, Autumn splendor Coffeetree, Kentucky-Espresso

Elm, New Harmony Elm, New Horizon Elm, Princeton Elm, Valley Forge Ginkgo, Autumn Gold Ginkgo, Princeton Sentry

Hackberry

Honeylocust, Imperial

Honeylocust, Northern Acclaim

Honeylocust, Skyline

Honeylocust, Streetkeeper Honeylocust, Sunburst

Ironwood

Linden, American Linden, Blvd. Linden, Glenleven

Linden, Greenspire

Linden, Redmond Linden, Sentry *Maple, Amur

*Maple, Hybrids (Autumn Blaze, Fantasy, Firefall and

Radiance)

*Maple, Norway *Maple, Sugar *Maple, Red Oak, Bur

Oak, Crimson Spire Oak, Heritage Oak, Northern Pin

Oak, Red

Oak, Regal Prince Oak, Swamp White Oak, Warei 'Long' Pine, White

*Maples are allowed but not recommended due to their prevalence in Richfield.

Ornamental trees

Ash, Showy Mountain

Beech, Blue

Crabapple, Donald Wyman

Crabapple, Harvest Gold Crabapple, Pink Spires

Crabapple, Prariefire

Crabapple, Rejoice

Crabapple, Royal Raindrops

Crabapple, Spring Snow

Crabapple, Velvet Pillar

Hawthorn, Russian

Hawthorn, Thornless

Japanese Tree Lilac, Ivory Silk

Japanese Tree Lilac, Summer Storm

Prohibited Trees

Amur Cork

Amur Maple Ash

Autumn Olive

Black Locust

Boxelder

Buckthorn

Ginko (female only)

Mulberry

Non-disease resistant elm species

Nonhybrid cottonwood species

Norway Maple

Russian Olive

Siberian Elm

Siberian Peashrub

Tree of Heaven

AGENDA SECTION: AGENDA ITEM# Consent Calendar

1.B.



STAFF REPORT NO. 17 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 6/21/2021

REPORT PREPARED BY: Kate Aitchison, Housing Specialist

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Julie Urban, Acting Executive Director

6/15/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of resolutions approving the conveyance of the northern portion of 6600 Logan Avenue South and 6600 Newton Avenue South from the Housing and Redevelopment Authority to the City of Richfield.

EXECUTIVE SUMMARY:

In the summer of 2020, following the completion of the 66th Street reconstruction project, Hennepin County conveyed the properties at 6600 Logan Avenue South and 6600 Newton Avenue South to the Richfield Housing and Redevelopment Authority (HRA). These properties were remnants left over after the acquisition of homes on the south side of 66th Street West, between Penn Avenue South and Interstate 35W, for the 66th Street project.

These properties will be marketed by the HRA for new construction opportunities through the New Home Program (affordable new construction) and the Richfield Rediscovered Program (market-rate new construction).

As originally conveyed, the properties extended north 48-60 feet into the 66th Street right-of-way. Approval of the deeds by the HRA will convey that right-of-way area to the City of Richfield but leave buildable lots (60 feet and 68 feet wide) in the HRA's name for future development.

RECOMMENDED ACTION:

By motion: Approve resolutions conveying the northern portion of 6600 Logan Avenue South and 6600 Newton Avenue South to the City of Richfield.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The 66th Street reconstruction project took place from 2016 to 2019. As part of that project, approximately 17 homes were acquired along the south side of 66th Street West, between Interstate 35W and Penn Avenue South.
- As part of that project, remnant lots were identified and designated for future housing through the HRA's programs.
- Following completion of the project, those properties were identified and eventually conveyed to the HRA by Hennepin County. HRA staff had a survey completed and a subdivision waiver was approved by the City Council in March 2021.

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

- The City and HRA strive to replace lost housing whenever possible.
- The New Home Program encourages the development of new housing opportunities for low and moderate income families, elderly and disabled persons.
 - When pursuing new construction under the New Home Program, the HRA prioritizes longterm affordability by partnering with Twin Cities Habitat for Humanity or the West Hennepin Affordable Housing Land Trust.
- The Richfield Rediscovered Program encourages the construction of new, market-rate single-family housing in the community and the removal of substandard structures.
- Public Works staff have requested that the property be transferred to City ownership as opposed to maintaining an easement over such a large portion of property extending into the street.

C. **CRITICAL TIMING ISSUES:**

Once the HRA has conveyed the northern portions of 6600 Logan Avenue South and 6600
Newton Avenue South to the City, the HRA will begin work on a Request for Proposals for marketrate new construction on one of the properties.

D. FINANCIAL IMPACT:

- There is no cost to the HRA for the lots.
- Sales proceeds are expected to be adequate to cover the cost of the lot divisions.

E. **LEGAL CONSIDERATION:**

The resolutions and quit claim deeds were prepared by the HRA's attorney.

ALTERNATIVE RECOMMENDATION(S):

• Do not approve the resolutions authorizing the conveyance of the north portion of 6600 Logan Avenue South and 6600 Newton Avenue South to the City of Richfield.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
D	Resolution	Resolution Letter
D	Quit Claim Deed - 6600 Logan	Contract/Agreement
D	Quit Claim Deed - 6600 Newton	Contract/Agreement
D	Survey - 6600 Logan	Backup Material
D	Survey - 6600 Newton	Backup Material

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

RESOL	UTION	NO.	

RESOLUTION APPROVING CONVEYANCE OF CERTAIN REAL PROPERTY TO CITY OF RICHFIELD, MINNESOTA

WHEREAS, Hennepin County deeded two tax-forfeited parcels located at 6600 Logan Avenue South and 6600 Newtown Avenue South in the City of Richfield (the "City") to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority");

WHEREAS, subsequently, the City granted a subdivision waiver for the two parcels in order to make both parcels uniform in size with the surrounding properties; and

WHEREAS, the northern portions of the two parcels contain street, sidewalk and right-of-way and are within the area legally described in EXHIBIT A and EXHIBIT B attached hereto (the "Property"); and

WHEREAS, the Authority has determined to convey the Property to the City; and

WHEREAS, the Authority is authorized by Minnesota Statues, Sections 465.035 and 471.64 to convey real property to a governmental subdivision for nominal consideration; and

WHEREAS, the Authority finds and determines that the conveyance of the Property to the City are for a public purpose and are in the public interests of the City;

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 Authority authorizes and approves the conveyance of the Property to the City by quit claim deeds.
- 2. The Chairperson and the Executive Director are hereby authorized to execute and deliver to the City the quit claim deeds for the Property and any and all other documents or certificates deemed necessary to carry out the intentions of this resolution and the conveyance of the Properties.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this June 21, 2021.

ATTECT.	Mary B. Supple, Chair	Mary B. Supple, Chair	
ATTEST:			
Maria Regan Gonzalez, Secretary			

EXHIBIT A

LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY

That part of Lot 1, Block 5, "Fairwood Park", Hennepin County, Minnesota, lying North of the South 68.00 feet thereof.

Reserving to County of Hennepin a permanent easement for highway purposes per Torrens Certificate of Title No. 1508836, over all that part of the above-described tract which lies northerly of a line drawn from a point on the west line of Lot 10, Block 5, Fairwood Park distant 20.09 feet southerly of the northwest corner of said Lot 10 to a point on the east line of Lot 1, Block 5, Fairwood Park distant 36.73 feet southerly of the northeast corner of said Lot 1.

Reserving to County of Hennepin a permanent easement for utility purposes over all that part of the above-described tract which lies southerly of the above-described highway easement and northerly and northwesterly of the following described line:

Commencing at the northeast corner of said Lot 1; thence southerly along the east line of said Lot 1 a distance of 46.76 feet to the point of beginning of the line being described; thence westerly parallel with the south line of the above-described highway easement a distance of 117.17 feet; thence southwesterly, deflecting left 47 degrees 09 minutes 12 seconds a distance of 24. 74 feet to the west line of said Lot 1 and said line there terminating.

Reserving to County of Hennepin the right to restrict all right of access, being the right of ingress to and egress from County State Aid Highway No. 53 over, under and across the land herein being conveyed.

Reserving to County of Hennepin all mineral rights in said land pursuant to Minnesota Statute Section 373.01.

Hennepin County, Minnesota

EXHIBIT B

LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY

That part of Lot 1 lying North of the South 60.00 feet thereof, except that part which lies Northeasterly of a line drawn from a point on the North Line of said Lot distant 12 feet West of the Northeast corner of said Lot to a point on the East line of said Lot distant 12 feet South of said Northeast corner, Block 3, "Fairwood Park", Hennepin County, Minnesota.

Reserving to County of Hennepin a permanent easement for highway purposes per Torrens Certificate of Title No. 1508837, over all that part of the above-described tract which lies northerly of the following described line:

Beginning at the intersection of the west line of said Lot 1 and a line parallel with and distant 39.14 feet southerly of the north line of said Lot 1; thence easterly along said parallel line a distance of 92.15 feet; thence southeasterly, deflecting right 11 degrees 49 minutes 18 seconds a distance of 36.93 feet; thence easterly, deflecting left 5 degrees 40 minutes 48 seconds a distance of 6.87 feet to the east line of said Lot 1 and said line there terminating.

Reserving to County of Hennepin a permanent easement for utility purposes over all that part of the above-described tract which lies southerly of the above-described highway easement and northerly and northeasterly of the following described line:

Commencing at the northwest corner of said Lot 1; thence southerly along the west line of said Lot 1 on an assumed bearing of South 0 degrees 23 minutes 31 seconds East a distance of 63.36 feet to the point of beginning of the line being described; thence North 62 degrees 50 minutes 33 seconds East a distance of 30.64 feet; thence South 89 degrees 31 minutes 04 seconds East a distance of 63.60 feet; thence South 77 degrees 41 minutes 45 seconds East a distance of 34.25 feet; thence South 24 degrees 32 minutes 05 seconds East a distance of 16.70 feet; thence North 89 degrees 36 minutes 31 seconds East a distance of 3.79 feet to the east line of said Lot 1 and said line there terminating.

Reserving to County of Hennepin the right to restrict all right of access, being the right of ingress to and egress from County State Aid Highway No. 53 over, under and across the land herein being conveyed.

Reserving to County of Hennepin all mineral rights in said land pursuant to Minnesota Statute Section 373.01.

Hennepin County, Minnesota

QUIT CLAIM DEED
Deed Tax Due: \$1.65
ECRV: N/A Well Disclosure not required
THE CONSIDERATION FOR THIS TRANSFER IS \$3,000.00 OR LESS.
Date:, 2021
FOR VALUABLE CONSIDERATION, the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota, Grantor, hereby convey and quit claim to, the City of Richfield, a Minnesota municipal corporation, Grantee, real property in Hennepin County, Minnesota, described as follows:
SEE ATTACHED EXHIBIT A
Check here if part or all of the land is Registered (Torrens) $oxize$
together with all hereditaments and appurtenances, subject to easements of record, if any.
The subdivision created by this instrument has been approved by the governing body of the City of Richfield.
Kari Sinning City Clerk

	Housing and Redevelopment Authority in and for the City of Richfield
	By Mary B. Supple Its Chairperson
	By John Stark Its Executive Director
STATE OF MINNESOTA)) SS COUNTY OF HENNEPIN)	S.
B. Supple, the Chairperson of the I	edged before me this day of, 2021 by Mary Housing and Redevelopment Authority in and for the City of and politic under the laws of Minnesota, on behalf of the
NOTARY STAMP	SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT
STATE OF MINNESOTA	
COUNTY OF HENNEPIN	} ss.
Stark, the Executive Director, of H	edged before me this of, 2021, by John lousing and Redevelopment Authority in and for the City of and politic under the laws of the State of Minnesota, on behalf
NOTARY STAMP	SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT
This instrument was drafted by:	Tax Statements should be sent to:
Kennedy & Graven, Chartered 15 South 5th Street, Ste 700 Minneapolis, MN 55402 (612) 337-9300	The City of Richfield 6700 Portland Avenue South Richfield, MN 55423

EXHIBIT A Legal Description

That part of Lot 1 lying North of the South 60.00 feet thereof, except that part which lies Northeasterly of a line drawn from a point on the North Line of said Lot distant 12 feet West of the Northeast corner of said Lot to a point on the East line of said Lot distant 12 feet South of said Northeast corner, Block 3, "Fairwood Park", Hennepin County, Minnesota.

Reserving to County of Hennepin a permanent easement for highway purposes per Torrens Certificate of Title No. 1508837, over all that part of the above described tract which lies northerly of the following described line:

Beginning at the intersection of the west line of said Lot 1 and a line parallel with and distant 39.14 feet southerly of the north line of said Lot 1; thence easterly along said parallel line a distance of 92.15 feet; thence southeasterly, deflecting right 11 degrees 49 minutes 18 seconds a distance of 36.93 feet; thence easterly, deflecting left 5 degrees 40 minutes 48 seconds a distance of 6.87 feet to the east line of said Lot 1 and said line there terminating.

Reserving to County of Hennepin a permanent easement for utility purposes over all that part of the above described tract which lies southerly of the above described highway easement and northerly and northeasterly of the following described line:

Commencing at the northwest corner of said Lot 1; thence southerly along the west line of said Lot 1 on an assumed bearing of South 0 degrees 23 minutes 31 seconds East a distance of 63.36 feet to the point of beginning of the line being described; thence North 62 degrees 50 minutes 33 seconds East a distance of 30.64 feet; thence South 89 degrees 31 minutes 04 seconds East a distance of 63.60 feet; thence South 77 degrees 41 minutes 45 seconds East a distance of 34.25 feet; thence South 24 degrees 32 minutes 05 seconds East a distance of 16.70 feet; thence North 89 degrees 36 minutes 31 seconds East a distance of 3.79 feet to the east line of said Lot 1 and said line there terminating.

Reserving to County of Hennepin the right to restrict all right of access, being the right of ingress to and egress from County State Aid Highway No. 53 over, under and across the land herein being conveyed.

Reserving to County of Hennepin all mineral rights in said land pursuant to Minnesota Statute Section 373.01.

Hennepin County, Minnesota

QUIT CLAIM DEED
Deed Tax Due: \$1.65
ECRV: N/A Well Disclosure not required
THE CONSIDERATION FOR THIS TRANSFER IS \$3,000.00 OR LESS.
Date:, 2021
FOR VALUABLE CONSIDERATION, the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota, Grantor, hereby convey and quit claim to, the City of Richfield, a Minnesota municipal corporation, Grantee, real property in Hennepin County, Minnesota, described as follows:
SEE ATTACHED EXHIBIT A
Check here if part or all of the land is Registered (Torrens) $oxize$
together with all hereditaments and appurtenances, subject to easements of record, if any.
The subdivision created by this instrument has been approved by the governing body of the City of Richfield.
Kari Sinning City Clerk

	Housing and Redevelopment Authority in and for the City of Richfield
	By Mary B. Supple Its Chairperson
	By John Stark Its Executive Director
STATE OF MINNESOTA)) S COUNTY OF HENNEPIN)	S.
Mary B. Supple, the Chairperson	vledged before me this day of, 2021 by of the Housing and Redevelopment Authority in and for the orporate and politic under the laws of Minnesota, on behalf of
NOTARY STAMP	SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT
STATE OF MINNESOTA	
COUNTY OF HENNEPIN	} ss.
John Stark, the Executive Director,	of Housing and Redevelopment Authority in and for the City rate and politic under the laws of the State of Minnesota, on
NOTARY STAMP	SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT
This instrument was drafted by:	Tax Statements should be sent to:
Kennedy & Graven, Chartered 15 South 5th Street, Ste 700 Minneapolis, MN 55402 (612) 337-9300	The City of Richfield 6700 Portland Avenue South Richfield, MN 55423

EXHIBIT A Legal Description

That part of Lot 1, Block 5, "Fairwood Park", Hennepin County, Minnesota, lying North of the South 68.00 feet thereof.

Reserving to County of Hennepin a permanent easement for highway purposes per Torrens Certificate of Title No. 1508836, over all that part of the above described tract which lies northerly of a line drawn from a point on the west line of Lot 10, Block 5, Fairwood Park distant 20.09 feet southerly of the northwest corner of said Lot 10 to a point on the east line of Lot 1, Block 5, Fairwood Park distant 36.73 feet southerly of the northeast corner of said Lot 1.

Reserving to County of Hennepin a permanent easement for utility purposes over all that part of the above described tract which lies southerly of the above described highway easement and northerly and northwesterly of the following described line:

Commencing at the northeast corner of said Lot 1; thence southerly along the east line of said Lot 1 a distance of 46.76 feet to the point of beginning of the line being described; thence westerly parallel with the south line of the above described highway easement a distance of 117.17 feet; thence southwesterly, deflecting left 47 degrees 09 minutes 12 seconds a distance of 24. 74 feet to the west line of said Lot 1 and said line there terminating.

Reserving to County of Hennepin the right to restrict all right of access, being the right of ingress to and egress from County State Aid Highway No. 53 over, under and across the land herein being conveyed.

Reserving to County of Hennepin all mineral rights in said land pursuant to Minnesota Statute Section 373.01.

Hennepin County, Minnesota

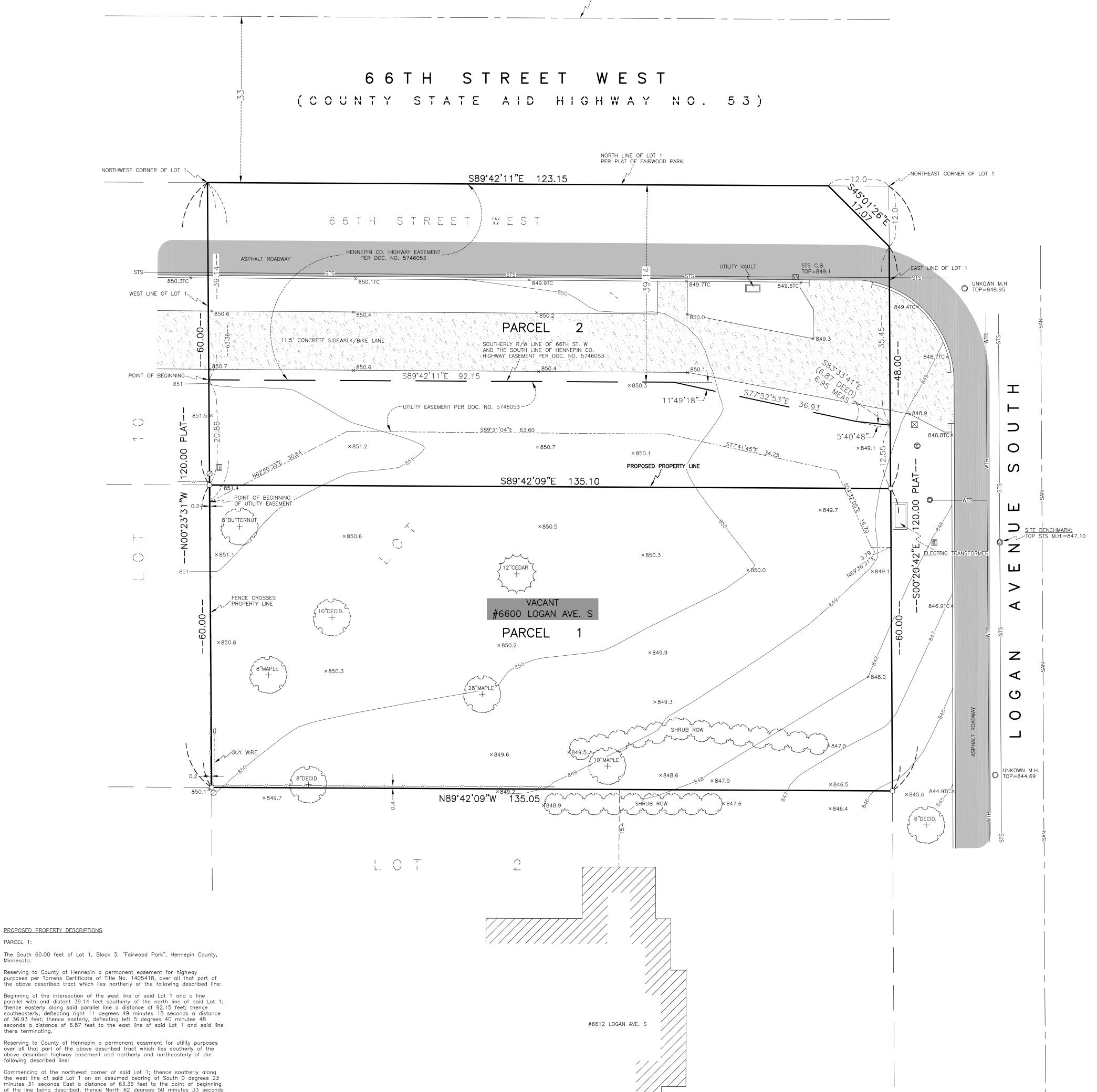
ADMINISTRATIVE LOT SPLIT FOR: THE CITY OF RICHFIELD

<u>AREAS</u> EXISTING: Lot 1 = 16,139 SF PROPOSED: Parcel 1 = 8,104 SF Parcel 2 = 8,035 SF Fence Storm Sewer Sanitary Sewer

LEGEND

x900.0 x900.0TC **—900—**

Water Main Telephone Pedestal Storm Catch Basin Traffic Light Manhole Sanitary Manhole Traffic Light Utility Cover Power Pole Water Shutoff Traffic Sign Existing Elevation Top of Curb Elevation Existing Contour Found Iron Monument Set Iron Monument Inscribed R.L.S 15230



CENTERLINE OF 66TH ST. W PER PLAT OF FAIRWOOD PARK

PARCEL 2:

PARCEL 1:

following described line:

said Lot 1 and said line there terminating.

That part of Lot 1 lying North of the South 60.00 feet thereof, except that part which lies Northeasterly of a line drawn from a point on the North Line of said Lot distant 12 feet West of the Northeast corner of said Lot to a point on the East line of said Lot distant 12 feet South of said Northeast corner, Block 3, "Fairwood Park", Hennepin County, Minnesota.

Reserving to County of Hennepin a permanent easement for highway purposes per Torrens Certificate of Title No. 1405418, over all that part of

the above described tract which lies northerly of the following described line:

East a distance of 30.64 feet; thence South 89 degrees 31 minutes 04

36 minutes 31 seconds East a distance of 3.79 feet to the east line of

Reserving to County of Hennepin the right to restrict all right of access, being the right of ingress to and egress from County State Aid Highway No. 53 over, under and across the land herein being conveyed.

Reserving to County of Hennepin all mineral rights in said land pursuant to Minnesota Statute Section 373.01.

seconds East a distance of 63.60 feet; thence South 77 degrees 41 minutes 45 seconds East a distance of 34.25 feet; thence South 24 degrees 32 minutes 05 seconds East a distance of 16.70 feet; thence North 89 degrees

Beginning at the intersection of the west line of said Lot 1 and a line parallel with and distant 39.14 feet southerly of the north line of said Lot 1; thence easterly along said parallel line a distance of 92.15 feet; thence southeasterly, deflecting right 11 degrees 49 minutes 18 seconds a distance of 36.93 feet; thence easterly, deflecting left 5 degrees 40 minutes 48 seconds a distance of 6.87 feet to the east line of said Lot 1 and said line there terminating.

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Reserving to County of Hennepin the right to restrict all right of access, being the right of ingress to and egress from County State Aid Highway No. 53 over, under and across the land herein being conveyed. Reserving to County of Hennepin all mineral rights in said land pursuant to Minnesota Statute Section 373.01.

EXISTING PROPERTY DESCRIPTION Document No. 5746053

Lot 1 except that part thereof which lies Northeasterly of a line drawn from a point on the North Line of said Lot distant 12 feet West of the Northeast corner of said Lot to a point on the East line of said Lot distant 12 feet South of said Northeast corner, Block 3, "Fairwood Park".

Reserving to County of Hennepin a permanent easement for highway purposes over all that part of the above described tract which lies northerly

Beginning at the intersection of the west line of said Lot 1 and a line parallel with and distant 39.14 feet southerly of the north line of said Lot 1; thence easterly along said parallel line a distance of 92.15 feet; thence southeasterly, deflecting right 11 degrees 49 minutes 18 seconds a distance of 36.93 feet; thence easterly, deflecting left 5 degrees 40 minutes 48 seconds a distance of 6.87 feet to the east line of said Lot 1 and said line

Reserving to County of Hennepin a permanent easement for utility purposes over all that part of the above described tract which lies southerly of the above described highway easement and northerly and northeasterly of the following described line:

Commencing at the northwest corner of said Lot 1; thence southerly along the west line of said Lot 1 on an assumed bearing of South 0 degrees 23 minutes 31 seconds East a distance of 63.36 feet to the point of beginning of the line being described; thence North 62 degrees 50 minutes 33 seconds East a distance of 30.64 feet; thence South 89 degrees 31 minutes 04 seconds East a distance of 63.60 feet; thence South 77 degrees 41 minutes 45 seconds East a distance of 34.25 feet; thence South 24 degrees 32 minutes 05 seconds East a distance of 16.70 feet; thence North 89 degrees 36 minutes 31 seconds East a distance of 3.79 feet to the east line of

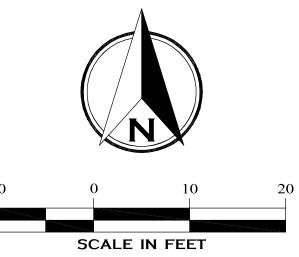
said Lot 1 and said line there terminating. Reserving to County of Hennepin the right to restrict all right of access, being the right of ingress to and egress from County State Aid Highway No. 53 over, under and across the land herein being conveyed.

Reserving to County of Hennepin all mineral rights in said land pursuant to Minnesota Statute Section 373.01.

- All existing building dimensions are measured to the finished siding and not the building foundation.

-No search was made for any easements. - The location of all utilities shown are from either observed evidence in the

field and/or from plans furnished by the utility companies and are approximate. Utility companies should be notified for exact location before

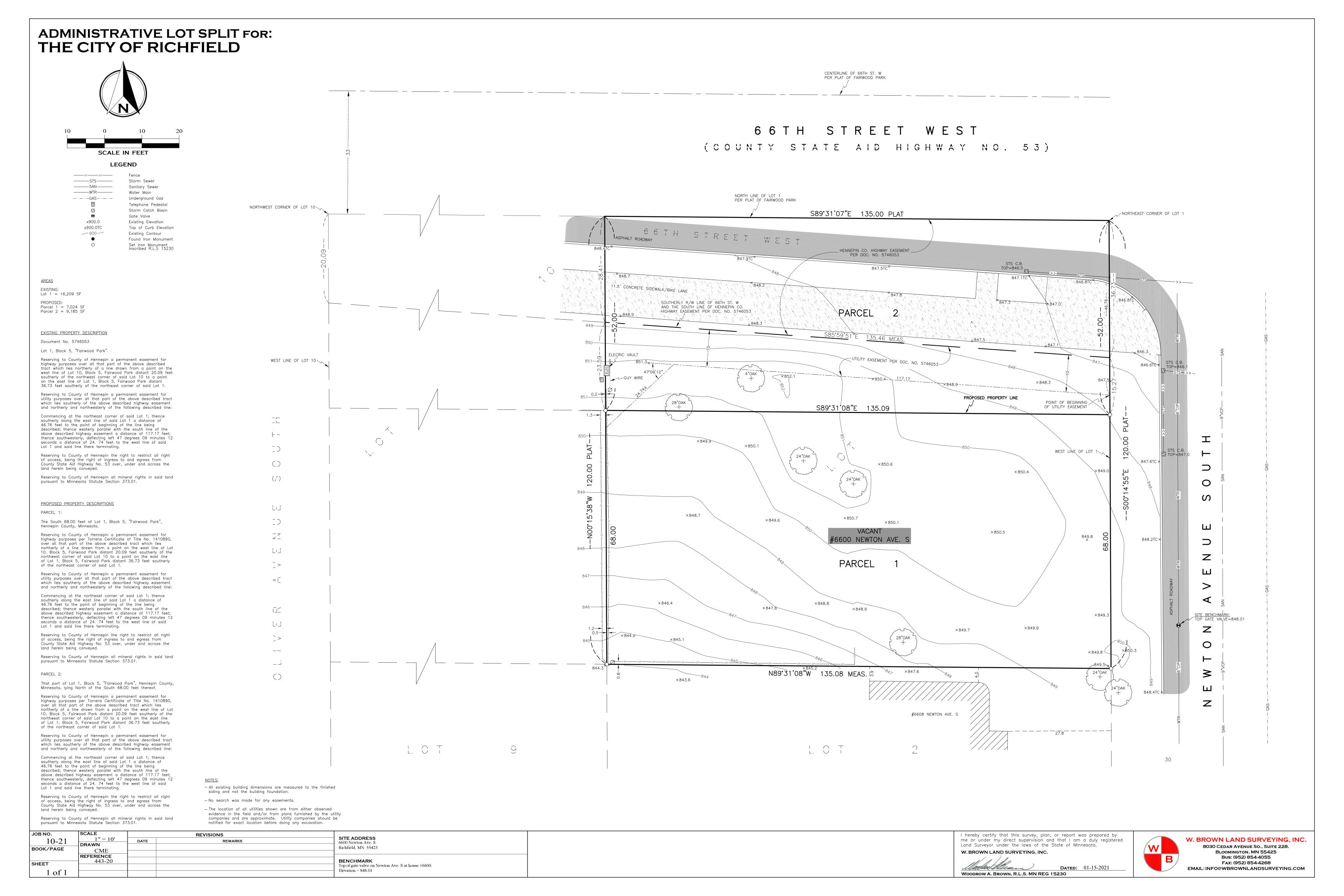


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___<u>38.0</u>__

Minnesota Statu	ite Section 3/3.01.	doing	any excavation.	
JOB NO. 11-21 BOOK/PAGE	SCALE 1" = 10' DRAWN CME	REVISIONS DATE REMARKS	SITE ADDRESS 6600 Logan Ave. S Richfield, MN 55423	I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision and that I am a duly registered Land Surveyor under the laws of the State of Minnesota. W. BROWN LAND SURVEYING, INC.
SHEET	REFERENCE 443-20A		BENCHMARK Top of storm sewer manhole at Logan Ave. S at house #6600.	Marie Dated: 01-15-2021
1 of 1			Elevation = 847.10 .	Woodrow A. Brown, R.L.S. MN REG 15230





AGENDA SECTION: AGENDA ITEM# RESOLUTIONS

3.



STAFF REPORT NO. 18 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 6/21/2021

REPORT PREPARED BY: Julie Urban, Housing and Redevelopment Manager

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Julie Urban, Acting Executive Director

6/15/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution supporting a tax credit application for a proposed multi-family housing development at 6501 Penn Avenue South.

EXECUTIVE SUMMARY:

The development team of Boisclair Corporation and NHH Properties (Developer) is proposing to redevelop the property at 6501 Penn Avenue South and 6500-04 Oliver Avenue South with 63 apartments, including 15 units for people with disabilities. The Housing and Redevelopment Authority (HRA) owns the property at 6501 Penn Avenue South and 6500 Oliver Avenue South and approved a Preliminary Redevelopment Agreement with the Developer in 2020.

The Developer is proposing to fund the project primarily with federal tax credits, a mortgage through Minnesota Housing, and federal HOME funds. One-hundred percent of the units would be income-restricted at a mix of income levels. The project includes the following components:

- A height of four stories on Penn Avenue and three stories on Oliver Avenue.
- Garden space/raised beds, tot lot, and a community patio.
- A parking ratio of 1:1.
- Enclosed bike storage, a business center, community room, office, and fitness room.
- 30 two-bedroom, 17 three-bedroom, and 16 one-bedroom units.
- 48 units affordable to people earning up to 50% and 60% of the Area Median Income (AMI).
- Eight two-bedroom units with federal Section 811 funding, which would set rent to 30% of a resident's income and be targeted to people with disabilities earning no more than 30% of the AMI. Supportive services would be provided by Simpson Housing.
- Seven one and two-bedroom subsidized units, affordable to individuals earning no more than 30% of the AMI, targeted to people with disabilities or leaving shelters, with supportive services provided by the Department of Human Services (DHS). Applicants to these units would be from the DHS Coordinated Entry system.
- Eight of the units would be ADA-accessible.

The project has an additional gap of \$1 million that the Developer proposes to fill with Tax Increment Financing (TIF) generated by the new development. The City's financial consultant has determined that the project generates sufficient TIF to fill this gap. More detailed financial information will be provided to the HRA at a future meeting, along with a request to create a Housing TIF District.

The application for tax credits and HOME funds is due to Minnesota Housing by July 15, and a resolution of support is required as part of the application.

RECOMMENDED ACTION:

By Motion: Approve a resolution supporting a tax credit application for a proposed multi-family housing development at 6501 Penn Avenue South.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA purchased the former Bumper to Bumper auto parts property in January 2019.
- The Developer presented a proposal for the property to joint work sessions of the Richfield City Council, HRA and Planning Commission on September 16 and November 18, 2019.
- The HRA approved a Preliminary Redevelopment Agreement with the Developer, doing business as Penn Investments LLC, on January 21, 2020.
- An additional work session on project affordability options was held with the HRA on February 18, 2020, and a second session was held with both HRA and Council on June 15, 2020. A majority of policymakers expressed support for further exploring both deeper affordability and possible units for people with disabilities.
- The HRA approved an amended Preliminary Redevelopment Agreement on November 16, 2020, extending project deadlines into 2021, due to delays caused by the pandemic.
- The Developer owns 6504 Oliver Avenue South, an adjacent single-family property.
- The HRA owns a remnant parcel (30 feet by 133 feet) at 6500 Oliver Avenue, adjacent to the parcel owned by the Developer.
- There is a single-family home and a duplex located adjacent to the development site on Oliver Avenue. Neither owner is interested in selling to the Developer at this time. The Developer will be expected to demonstrate future phases on the project, in the event those properties become available for purchase.
- There is a blighted commercial property located to the south of the project property. To-date, the
 owner has been unresponsive to inquiries made by both the Developer and the HRA. In the event
 that that property becomes available for purchase, a future phase of apartments could be
 constructed on that site.

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

- The property is zoned and guided for Mixed Use with the Penn Avenue Overlay. The goal of the Penn Avenue Corridor District is to provide for a balanced mix of commercial, office and residential uses that together create a cohesive and pedestrian-friendly area.
- The City's Comprehensive Plan and Housing Visioning statement encourage the development of a full range of housing choices.
- The Metropolitan Council has determined the City's share of housing affordable at 30% of the AMI to be 66 units.
- The City's Inclusionary Housing Policy (Policy) requires the inclusion of at least 20% of units
 affordable at 60% of the AMI for all projects receiving City financial assistance. The Policy also
 encourages deeper affordability and larger bedroom sizes. The concept being explored by the
 Developer would exceed this requirement.
- Federal tax credit applications are funded based on how well a project scores and is in alignment
 with the State's Qualified Allocation Plan (QAP). The Developer has put together the proposed
 project and its mix of affordability in order to meet the goals of the QAP and be competitive for
 funding.

C. CRITICAL TIMING ISSUES:

- Applications for tax credits are due to Minnesota Housing by July 15, 2021.
- The Preliminary Development Agreement expires July 31, 2021, unless an application for tax credits is submitted.
- A formal Redevelopment Agreement and TIF Plan, planning review and land use approvals, outreach to the neighborhood, and engagement with stakeholders are expected in the next several months.

D. **FINANCIAL IMPACT**:

- The Developer is applying to Minnesota Housing for \$6.7 million in federal tax credits and an additional \$4.6 million deferred loan.
- The Developer anticipates a gap of approximately \$1 million to be filled with tax increment. The HRA will be asked to approve a Housing TIF District and issue a Pay-As-You-Go Note of \$631,000, plus interest, to fill this gap. There is sufficient increment generated by the project to meet this need.
- The estimated end-value of the project is \$10 million.

E. **LEGAL CONSIDERATION:**

• The tax credit application requires that satisfactory documentation confirming that the contribution is committed to the development be submitted at the time of application. The documentation must include a resolution from the local government unit indicating its intention to provide TIF or property tax abatement assistance. The anticipated amount must be included in the resolution or a letter from the local government unit.

ALTERNATIVE RECOMMENDATION(S):

Decide not to support the application for tax credits.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives from the development team.

ATTACHMENTS:

DescriptionType□ResolutionResolution Letter□Site PlanBackup Material

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

RESOLUTION NO.

RESOLUTION SUPPORTING A TAX CREDIT APPLICATION FOR A MULTIFAMILY HOUSING PROJECT

WHEREAS, Penn Investments LLC, a Minnesota limited liability company, or any of its affiliates (collectively, the "Redeveloper"), has proposed to construct a multiphased project, including a building with up to 63 market-rate and affordable housing units (the "Housing Project"), lobby, bike entrance, storage space, and community room to be located at or about 6500 Oliver Avenue South and 6501 Penn Avenue South, Richfield, Minnesota (the "Redevelopment"); and

WHEREAS, the Redeveloper has presented the proposed Redevelopment to the Board of Commissioners (the "Board") of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") and has received support of the Board; and

WHEREAS, the success of the tax credit application for the Housing Project is predicated on local support of the proposal; 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 Board supports the application for the tax credits for the Housing Project.
- 2. The Authority and the City of Richfield, Minnesota (the "City") have determined to establish a redevelopment tax increment district for the Redevelopment, including the Housing Project, with a maximum term of 26 years.
- 3. The Board supports the use of tax increment financing for the Redevelopment, including the Housing Project. The Authority proposes to provide a pay-as-you-go tax increment note in the approximate amount of up to \$631,000, plus interest; however, the Board and the City Council of the City must complete all of the legally required proceedings set forth in Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 21st day of June, 2021.

ATTEST:	Mary B. Supple, Chair	
Maria Regan Gonzalez. Secretary		

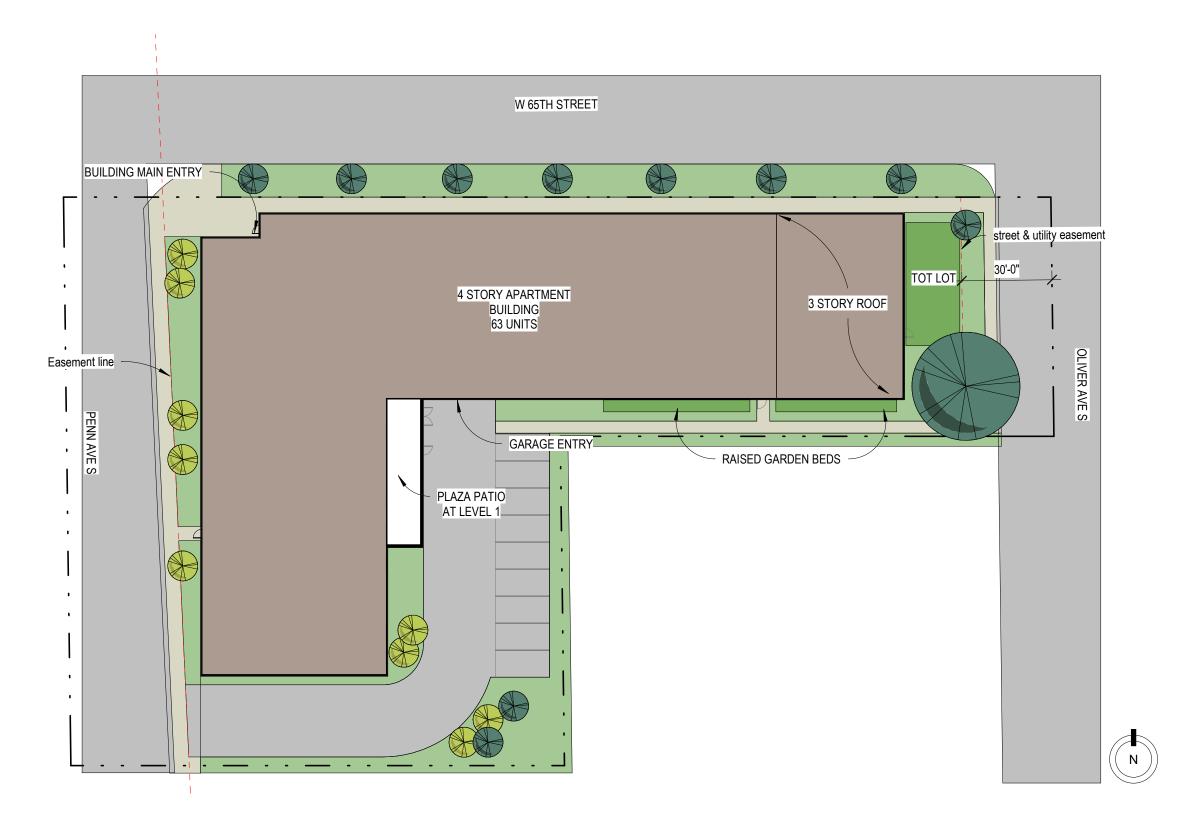
GROSS AREA - TOTAL			
Level	Area		
Level 4	17,170 ft²		
Level 3	19,759 ft²		
Level 2	19,759 ft²		
Level 1	19,759 ft²		
Level -1	20,057 ft ²		
Grand total	96,504 ft ²		

PARKING				
Level	Туре	Count		
Level -1		63		
(54 GARAGE, 8 EXTERIOR) 63				

unit mix - gross area				
		Unit Gross Area		
Name	Count	Main Floor	Total Area	%
1 BR				
Unit 1-0	16	663 ft ²	10,604 ft ²	25%
	16		10,604 ft ²	25%

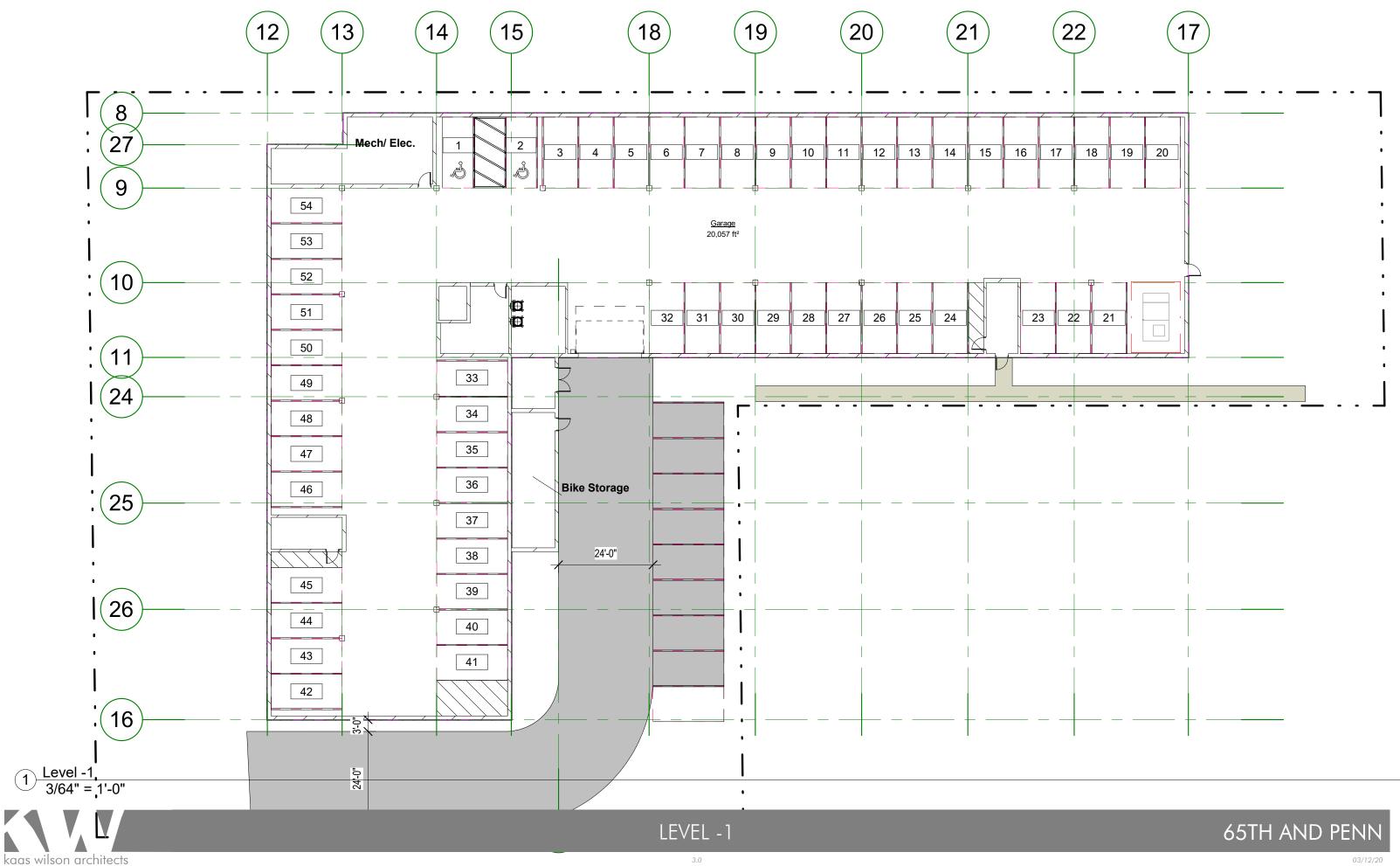
2BR				
Unit 2-0	27	939 ft ²	25,350 ft ²	43%
Unit 2-1	3	1,142 ft ²	3,425 ft ²	5%
	30		28,776 ft ²	48%

3BR				
Unit 3-0	3	1,215 ft ²	3,645 ft ²	5%
Unit 3-1	14	1,251 ft ²	17,514 ft ²	22%
	17		21,159 ft ²	27%
Grand total	63		60,538 ft ²	100%

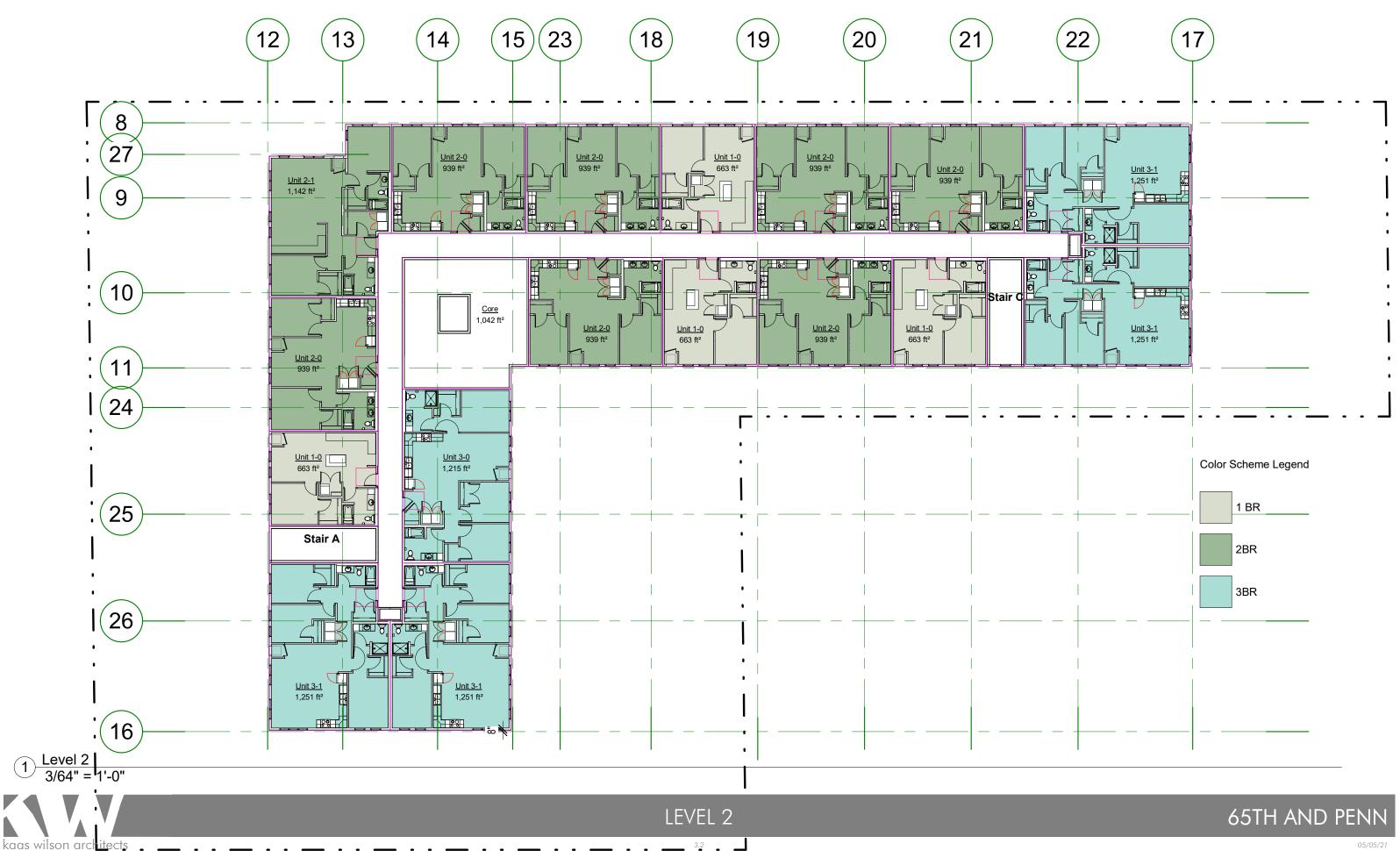


SD Site Plan 1/32" = 1'-0"

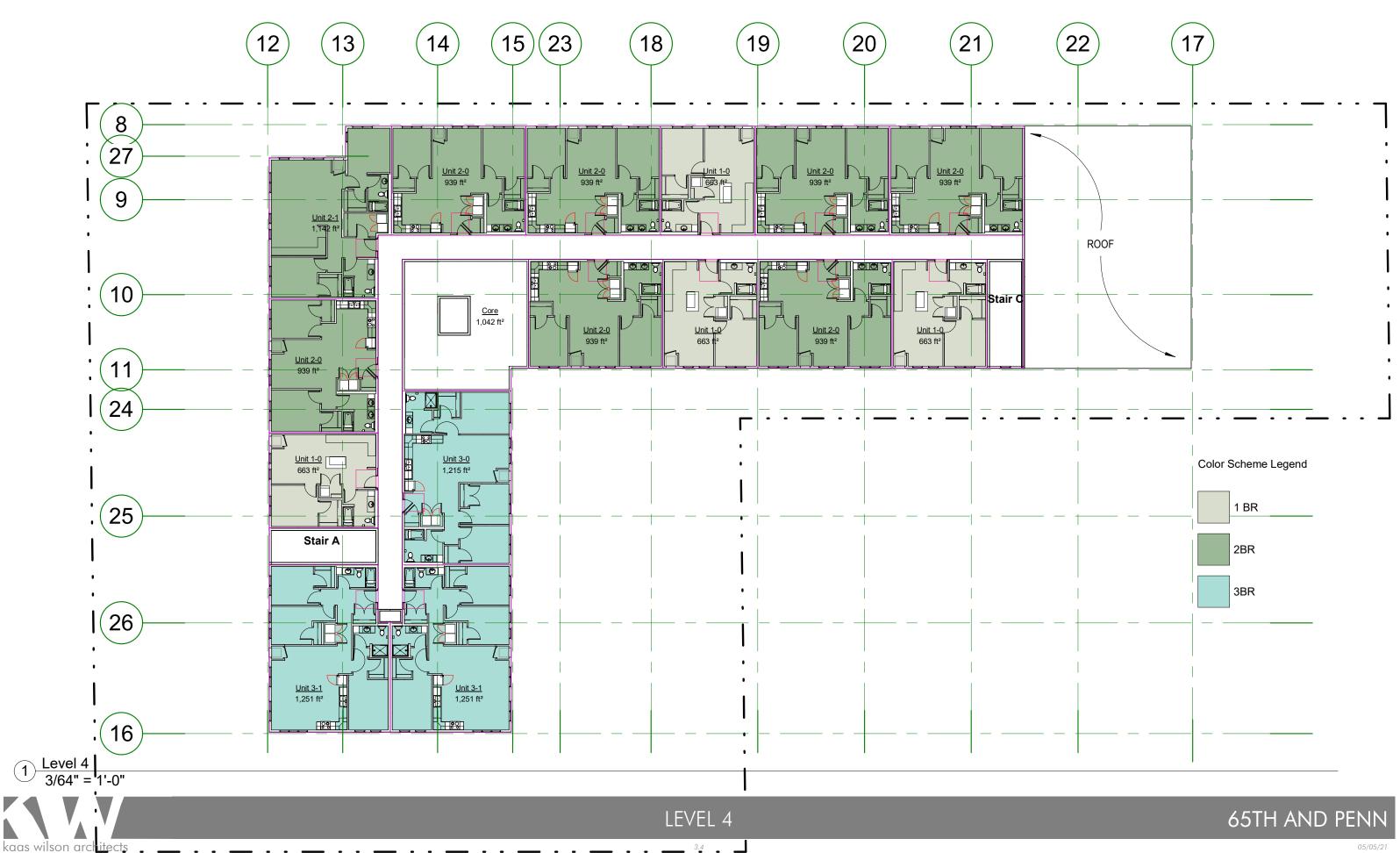
kaas wilson architects











AGENDA SECTION: AGENDA ITEM# OTHER BUSINESS

4.



STAFF REPORT NO. 19 HOUSING AND REDEVELOPMENT AUTHORITY MEETING 6/21/2021

REPORT PREPARED BY: John Stark, Executive Director

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director

6/14/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of approval of a Memorandum of Understanding with Benefactor Brewing.

EXECUTIVE SUMMARY:

Staff has been in discussions with Benefactor Brewing since October 2019 regarding their desire to open a restaurant with a brewery and taproom on the Lyndale Gardens site (directly north of the Lakewinds Cooperative grocery store). This is a use that most frequently arises in community discussions of desired businesses in the community.

Several years ago, the Hennepin County Housing and Redevelopment Authority (HRA) provided funding to assist in redevelopment of the Lyndale Gardens site. While some of that funding (approximately \$350,000) was forgiven, the remaining principal is \$500,000 and is secured by a mortgage on the property.

Due to the high cost of restaurant/brewery equipment and the extraordinary cost of materials and labor at this time, Benefactor would only be able to pay \$400,000-\$500,000 for the property; which, after the current owner repays the mortgage, would result in no sales proceeds or even a loss in selling the property.

In an effort to spur economic development in an established redevelopment area, staff is recommending that the HRA provide Benefactor Brewing with a \$500,000 forgivable mortgage in order to give them the means of purchasing the property at an amount that is more consistent with the market value of the property (believed to be \$850,000) and that will result in the property seller making at least a minimal profit on the sale of the property. Essentially, under this proposal the amount of the public financing (\$500,000) would remain unchanged, but the body providing that assistance would change from the Hennepin County HRA to the Richfield HRA.

The attached Memorandum of Understanding (MOU) lists the conditions that staff recommends to be associated with this funding scenario. A few of those conditions include: no-interest mortgage deferred by 20% for every year the restaurant/brewery is open to the public; Benefactor would need to attain certain job and wage goals (to be determined later); Benefactor will pay half of the legal costs in preparing documents and agreements, and; the City will have the right to use the amphitheater six times per year.

If the terms of this MOU are approved by the HRA, then the HRA's legal counsel would work with staff and Benefactor Brewing on drafting a Contract for Private Development, a Mortgage and a Business Subsidy Agreement to be considered by the HRA at a later date.

Staff is also reevaluating the Tax Increment pledged to the primary developer (Lyndale Gardens, LLC) to determine whether the addition of this component generates additional unallocated increment and, if so, the appropriateness of increasing the Pay-As-You-Go Tax Increment Financing (TIF) Note to Lyndale Gardens, LLC. That issue will also be brought back to the HRA at a later meeting.

RECOMMENDED ACTION:

By motion: Approve the attached Memorandum of Understanding (and the terms therein) with Benefactor Brewing and direct staff to:

- · Draft a Contract for Private Development with Benefactor Brewing;
- · Draft a Mortgage with Benefactor Brewing;
- Draft a Business Subsidy with Benefactor Brewing, and;
- Reevaluate the Tax Increment to be generated in the Lyndale Gardens Tax Increment Financing
 District to determine the potential of increasing the Pay-As-You-Go Tax Increment Financing
 Note to Lyndale Gardens, LLC.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

• The Richfield HRA provided economic development funding to Pizza Luce in 2011 to assist in their purchase of their site and construction of a restaurant with available TIF Funds.

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

- HRA Staff has worked in consultation with legal counsel and our financial analysts (Ehlers, Inc.)
 to verify that the proposed use of funds and manner of that use are consistent with state and
 municipal statutes, ordinances and policies.
- This funding is a possibility on this site because it is an existing Redevelopment TIF District and would not be available to other restaurants or businesses unless they were located in such a District.

C. CRITICAL TIMING ISSUES:

 The property owner is entertaining multiple offers on the site and is eager to accept an offer while there is market interest.

D. FINANCIAL IMPACT:

- The source of the proposed funding is the Housing and Redevelopment Fund, the current balance of which was \$4.3 million on January 1, 2021.
- This scenario represents one of a very limited number of uses permitted by state statutes for the Housing and Redevelopment fund.

E. **LEGAL CONSIDERATION:**

 HRA Legal Counsel (Julie Eddington of Kennedy & Graven) has been consulted throughout the formulation of this recommendation and has reviewed the attached Memorandum of Understanding.

ALTERNATIVE RECOMMENDATION(S):

- Approve the Memorandum of Understanding with modified deal points;
- Defer a decision in order to garner more information, or;
- Deny approval of the Memorandum of Understanding.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Sam Nelson, Benefactor Brewing

ATTACHMENTS:

Description Type

Memorandum of Understanding
Contract/Agreement

Memorandum of Understanding Between Benefactor Brewing, LLC

Housing and Redevelopment Authority in, and for, the City of Richfield, Minnesota

We Mutually Agree:

- The Richfield HRA would provide a forgivable loan of up to \$500,000 to replace the current loan of \$500,000 held by the Hennepin County HRA on the property.
- The HRA's forgivable loan would be secured by a mortgage filed against the real estate and would likely be in third position, subordinate to the primary mortgage and funding from the Small Business Administration (SBA).
- Granting of this forgivable mortgage would be contingent on the existing \$500,000 loan from the Hennepin County HRA being paid off by the current property owner (The Cornerstone Group).
- Granting of this mortgage is also contingent on the construction of a restaurant/brewery with site improvements valued at a sum to be documented in the Contract for Private Development.
- The Richfield HRA's source of funds for the mortgage shall be its Housing and Redevelopment Fund. The HRA's Legal Counsel and Financial Consultant have both agreed the purchase of property with these funds would constitute a legally eligible and appropriate use of such funds.
- This forgivable mortgage would be interest-free.
- Beginning on December 31 of the first year in which the restaurant/brewery has been open to the public for at least 8 months, 20% of the principal of the loan would be forgiven every year the facility is owned by Benefactor Brewing and is operated as a restaurant and brewery.
- In the event of a default on the forgiveness provision, Benefactor Brewing will be responsible for making payments on the loan until such time that the forgiveness provision is satisfied again, with a maximum loan term of twenty years.
- If the property is sold while there is still outstanding principal owed on the loan, that principal would be paid off by Benefactor Brewing (or the subsequent buyer) on the date they close on the sale of the property.
- We would enter into a Business Subsidy Agreement that establishes minimum job and wage requirements for Benefactor Brewing to fulfill.
- While the mortgage is intact, Benefactor Brewing would agree to let the City of Richfield and/or Richfield HRA use the adjoining amphitheater (which they plan on acquiring) for up to six 24-hour periods per year for holding community events provided a 45-day advance request is provided by the City/HRA.
- Benefactor Brewing would pay 50% of the HRA's legal costs incurred in drafting a Contract for Private Development, Business Subsidy Agreement and Mortgage.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA	Benefactor Brewing LLC
By Its Chair	By Its
By Its Executive Director	