



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
JULY 19, 2021
7:00 PM**

Call to Order

Attendance Roll Call

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 1) Joint City Council, Housing and Redevelopment Authority and Planning Commission work session of June 21, 2021; and 2) the regular Housing and Redevelopment Authority meeting of June 21, 2021.

AGENDA APPROVAL

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

- A. Consider an adjustment to the payment standard for the Section 8 Housing Choice Voucher Program.
Staff Report No. 20

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

OTHER BUSINESS

4. Consideration of a resolution approving the amendment, assignment and assumption of the Preliminary Redevelopment Agreement with Penn Investments LLC and Penn Investments Limited Partnership for a proposed multi-family housing development at 6501 Penn Avenue South.

Staff Report No. 21

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

Concurrent Housing and Redevelopment Authority, City Council and Planning Commission Work Session

June 21, 2021

CALL TO ORDER

The work session was called to order by HRA Chair Supple at 5:45 p.m. in the Bartholomew Room.

HRA Members Present: Mary Supple, Chair; Maria Regan Gonzalez; Sue Sandahl and Lee Ohnesorge

HRA Members Absent: Erin Vrieze Daniels

Council Members Present: Maria Regan Gonzalez, Mayor; Mary Supple, Ben Whalen and Sean Hayford Oleary and Simon Trautmann

Council Members Absent: None

PC Members Present: Kathryn Quam, Chair and Brendan Kennealy;

PC Members Absent: Brian Pynn; Brett Stursa; Susan Rosenberg and Jim Rudolph

Staff Present: Katie Rodriguez, City Manager; John Stark, HRA Executive Director/Community Development Director; Melissa Poehlman, Assistant Community Development Director; and LaTonia DuBois, Administrative Assistant.

Others Present: Amy Gudmestad, MICC; Ben Lentz MICC; Bob Cunningham, Inland Development Partners; Daniel Oberpriller, Northbay; Michael Stoddard, DJR Architecture.

Item #1

INTRODUCTION AND PRELIMINARY DISCUSSION OF FUTURE PLANS FOR THE MINNESOTA INDEPENDENCE COLLEGE AND COMMUNITY.

Assistant Community Development Director Poehlman gave background information about Minnesota Independence College and Community (MICC) and introduced Amy Gudmestad and Bob Cunningham.

Bob Cunningham explained he is part of the development team for the MICC and Bumpy Lane development.

Amy Gudmestad explained who MICC is, what the program offers, history and success of the program and how the program continues to grow and the need for more space to extend the program. Amy Gudmestad spoke of partnerships with MICC and local businesses. Amy Gudmestad expressed gratitude and the benefits of being located in Richfield, the assistance offered by Richfield Police and Fire departments and invited policy makers to visit MICC for a tour.

Bob Cunningham explained the development currently envisioned and shared a power point of the development concept, explained the housing units would be available to students, graduates and all residents of Richfield at affordable or low income rates. Requested feedback on the vision, if it is an appropriate land use and hopes of a future resolution of support from the Housing and Redevelopment Authority and City Council to apply for various funding mechanisms and requested assistance of City staff to assist the development team with offering affordable and low income housing options.

Council Member Whalen inquired about the current location within the Colony Apartments.

Amy Gudmestad explained that this development would be in addition to the space used at the Colony Apartments, but fewer units at the Colony Apartments would be occupied by MICC.

Commissioner Ohnesorge inquired about the number of graduates for the current year.

Planning Chair Quam asked if all units would be affordable and how many would be available to the community outside of MICC.

Bob Cunningham explained the goal is to have all units at low income or affordable levels and the mix of MICC members and graduates and other community members would be about 50/50.

Chair Supple inquired about unit sizes.

Bob Cunningham explained current unit size visions.

Council Member Trautmann inquired about how many units would be ADA Accessible and if there would be any tax revenue from the non-profit organization that would own the property.

Bob Cunningham stated that the development team would be asking for Tax Increment Financing and mentioned that they would have more than the minimum requirement of Accessible units, but more programming is yet to come.

Mayor Regan Gonzalez supported the proposal overall and encouraged MICC to reach out to get Best Buy involved with the program. Spoke of the opportunity to be an example by building partnership with local businesses and MICC.

Council Member Hayford O'Leary commented on the land use and inquired about if this would be a tax base development and concerns with the project and the residential units in the area.

Chair Supple inquired about parking.

Bob Cunningham stated the current plan is to have all surface parking, but that they would be looking into the possibilities of having underground parking as well.

Council Member Whalen shared that he would like to see units affordable at 30% Area Median Income and a variety of affordability levels and would also like to see the design on the building incorporate business partnerships.

Planning Chair Quam inquired about zoning changes and potential Comp Plan changes.

Assistant Community Development Director Poehlman explained current zoning and possible changes that would be required in the future.

Item #2	DISCUSSION OF A NEW DEVELOPMENT PROPOSAL FOR THE PROPERTY AT 101 66TH STREET EAST (SITE OF THE PREVIOUSLY APPROVED EMI DEVELOPOMENT).
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Community Development Director Stark reminded policy makers of the history of the development site and recommended the development team to hold neighborhood meetings, and introduced Michael Stoddard, DJR Architecture and Daniel Oberpriller, Northbay Company.

Michael Stoddard shared the proposed development plans for a mixed use building with commercial space.

Daniel Oberpriller provided further building design information, access points and parking information for the proposed development. Daniel Oberpriller informed staff and policy makers that they have closed on the property, spoke of the sustainability of the building, informed staff and policy makers they would be seeking Tax Increment Financing and would offer 20% of units at 60% of the Area Median Income.

Council Member Hayford Oleary inquired about traffic on 66th Street.

Assistant Community Development Director Poehlman explained the engineering department and Hennepin County would review the proposal and evaluate any traffic concerns.

Council member Hayford Oleary mentioned concerns around the building height and the preference to lower the building height, lighting concerns with the parking ramp and potential noise and lighting on the balcony.

Daniel Oberpriller explained.

Planning Chair Quam inquired about the six story portion of the building and the location to the houses on Stevens Avenue.

Daniel Oberpriller explained there are no houses directly across from the six story portion of the building.

Assistant Community Development Director explained the lot directly across from the six story portion of the building is a retaining pond and a home would not be developed at that location.

Planning Chair Quam inquired about the main entrance and exit and inquired about how the lighting may affect homes and mentioned it would be more desirable to spread out units on top of the one story commercial space to reduce the six story portion.

Mayor Regan Gonzalez mentioned concerns around the building height.

Council Member Whalen also inquired about including residential units above the commercial space and the oddity of having a single story portion of a building that also has six stories.

Council Member Trautmann stated concerns about lighting from the entrance.

Mayor Regan Gonzalez stated the benefits of having a community meeting regarding the development and thanked residents for their comments and attendance.

Chair Supple inquired about green space on the lot.

Michael Stoddard explained landscaping plans and opportunities.

Chair Supple inquired about parking ratio

Daniel Oberpriller shared the proposed parking ratio.

Chair Supple echoed the desire to reduce the six story portion of the development.

Council Member Whalen stated he would like to know what the neighbors think about the proposal and other building height designs.

Chair Supple inquired about accessibility.

Michael Stoddard shared the accessibility plans.

Community Development Stark shared what the next steps and requirements would be.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:44 p.m.

Date Approved: July 19, 2021

Mary Supple
Chair

LaTonia DuBois
Administrative Assistant

John Stark
Executive Director



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

June 21, 2021

CALL TO ORDER

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

HRA Members Present: Mary Supple, Chair; Maria Regan Gonzalez; Sue Sandahl, Lee Ohnesorge and Erin Vrieze Daniels.

HRA Members Absent: None

Staff Present: John Stark, Community Development Director/Executive Director; Julie Urban, Housing Manager; and LaTonia DuBois, Administrative Assistant, and Kari Sinning; City Clerk.

Others Present: Lori Boisclair; Boisclair Corporation and NHH Properties Development team, Jared Hillman; Benefactor Brewing – Via phone.

OATH OF OFFICE OF RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY COMMISSIONER, LEE OHNESORGE

City Clerk Sinning administered the Oath of Office to Commissioner Ohnesorge.

RETURNING TO IN-PERSON MEETINGS

Chair Supple announced the return to in-person meetings.

OPEN FORUM

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

No Callers.

APPROVAL OF THE MINUTES

M/Sandahl, S/Regan Gonzalez to approve the minutes of the regular Housing and Redevelopment meeting of May 17, 2021.

Motion carried 5-0

Item #1	CONSENT CALENDAR
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Executive Director Stark presented the Consent Calendar:

- 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 a resolution 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)

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

Motion Carried 5-0

HRA RESOLUTION NO. 1396

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

Item #2	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None.

Item #3	CONSIDERATION OF A RESOLUTION SUPPORTING A TAX CREDIT APPLICATION FOR A PROPOSED MULTI-FAMILY HOUSING DEVELOPMENT AT 6501 PENN AVENUE SOUTH. (S.R. NO. 18)
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Housing Manager Urban presented Staff Report No. 18.

Commissioner Vrieze Daniels asked if there would be any changes to the building since last reviewed.

Housing Manager Urban stated that the commercial space has been removed and the unit mix has been adjusted to make the development financially feasible.

Commissioner Vrieze Daniels expressed enthusiasm about the project meeting a number of the City's housing goals.

Commissioner Regan Gonzalez inquired about when policy makers would know if the project received funding.

Housing Manager Urban stated they should know in December 2021.

Commissioner Sandahl expressed enthusiasm about the number of 2 and 3 bedroom units.

Commissioner Ohnesorge expressed appreciation for the mix of units and the accessible units available.

Lori Boisclair, Development team stated that they are committed to the Section 811 units as well as the subsidized units.

Chair Supple inquired if the parking ratio would be based on bedroom size or if it would be per unit.

Housing Manager Urban responded the parking ratio is based on per unit and plans to speak with the Planning Commission and further reviews.

M/Vrieze Daniels, S/Regan Gonzalez to approve a resolution supporting a tax credit application for a proposed multi-family housing development at 6501 Penn Avenue South.

Motion Carried 5-0

HRA RESOLUTION NO. 1397

RESOLUTION SUPPORTING A TAX CREDIT APPLICATION FOR A MULTIFAMILY HOUSING PROJECT

Item #4	CONSIDERATION OF A MEMORANDUM OF UNDERSTANDING WITH BENEFACITOR BREWING. (S.R. NO. 19)
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Executive Director Stark presented Staff Report No. 19

Jared Hillman, Benefactor Brewing, spoke of plans to host events and goals to be involved with the community.

Commissioner Regan Gonzalez asked about different funding options to allow Benefactor Brewing to have a competitive offer.

Executive Director Stark explained possible further funding options.

Commissioner Vrieze Daniels inquired about how the HRA can spend Housing and Redevelopment Funds.

Executive Director Stark explained how the Funds could be used under current rules.

Commissioner Regan Gonzalez spoke of redevelopment costs in the City and inquired about other lots that may be viable for a brewery.

Executive Director Stark explained some of the building requirements for breweries and the lack of potential development space for such a development.

Commissioner Vrieze Daniels spoke of the limited possible uses for the Housing and Redevelopment Funds and offered support for the proposal.

Commissioner Regan Gonzalez would be in favor of staff coming back to the HRA for additional support.

Chair Supple asked that the development team work with the neighborhood regarding use of the amphitheater and to be good neighbors.

M/Regan Gonzalez, S/Sandahl 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.

Motion carries 5-0

Item #5	HRA DISCUSSION ITEMS
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Commissioner Regan Gonzalez stated that she looks forward to future conversations with staff regarding pooled Tax Increment.

Chair Supple informed residents about possible funding for rent assistance through VEAP and through the State of MN.

Item #6	EXECUTIVE DIRECTOR'S REPORT
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Executive Director Stark reported on a house bill surrounding the expiration of the eviction moratorium.

Executive Director Stark reported on special legislation regarding how restrictive the use of Pooled Tax Increment funding is and new possible allowable uses of the funds through compromised legislation.

Item #7	CLAIMS
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M/Regan Gonzalez, S/Sandahl that the following claims be approved:

U.S. BANK	6/21/2021
Section 8 Checks: 132853-132936	\$182,082.24
HRA Checks: 34013-34040	\$93,343.19
TOTAL	\$275,425.43

Motion carried 5-0

Item #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:48 p.m.

Date Approved: July 19, 2021

Mary B. Supple
HRA Chair

LaTonia DuBois
Administrative Assistant

John Stark
Executive Director



STAFF REPORT NO. 20
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
7/19/2021

REPORT PREPARED BY: Lynnette Chambers, Multifamily Housing Coordinator
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
7/13/2021

ITEM FOR COUNCIL CONSIDERATION:

Consider an adjustment to the payment standard for the Section 8 Housing Choice Voucher Program.

EXECUTIVE SUMMARY:

On an annual basis, the U.S. Department of Housing and Urban Development (HUD) establishes a Fair Market Rent (FMR) for the Twin Cities Metropolitan Area, by bedroom size. Individual Housing and Redevelopment Authorities are allowed to select a payment standard within 90% to 110% of HUD's FMR. The selection of the payment standard should ensure that a sufficient supply of rental housing is available to Section 8 Housing Choice Voucher Program (Program) participants. HUD's newly published FMRs have increased and the Housing and Redevelopment Authority's (HRA) current payment standards do not fit within the established parameters. To remain in compliance with HUD regulations, the HRA must increase its payment standards. The proposed payment standards will fall between 90% to 91% of the current FMRs.

On September 21, 2020 the HRA approved new payments effective for December 1, 2020 based on the new FMR's published on October 1, 2020. Since December 1, 2020, contract rents continue to increase for tenants, but there has been a new trend by owners/management companies to charge tenants a shared utility fee. The shared utility fee is a fee shared by all the tenants in the complex to help pay for the water, trash and sewer costs. The fees range between \$30 to \$50 a month based on unit size. The additional shared fees coupled with the annual contract rent increases are a barrier to Section 8 voucher holders finding affordable housing.

The shared utility fees have the highest impact on the one and two bedroom apartment community; therefore, the proposed payment standard increase is only for our one and two bedrooms.

RECOMMENDED ACTION:

By motion: Approve the proposed adjustment of the payment standard for the Section 8 Housing Choice Voucher Program.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

The HRA last adjusted its payment standards in September 2020.

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

- Section 8 participants currently living in one and two bedroom units will receive a larger portion of rent assistance with the increased payment standard, helping to offset the shared utility fees charged.

- Section 8 participants will be able to choose from a larger selection of affordable housing units and may receive some immediate rent relief on a case-by-case basis.
- HUD provides sufficient federal assistance to cover these adjustments in the payment standards and has approved the increase.
- Without an increase in the payment standard, many Section 8 participants will be unable to find housing and keep up with changing rents.
- Potential changes in Federal law impact the financial resources available to the Program if the HRA does not remain current with the FMR.

C. CRITICAL TIMING ISSUES:

- The new payment standards will be effective August 1, 2021.

D. FINANCIAL IMPACT:

- An increase in the payment standard will decrease the rent burden for Section 8 participants.
- HUD provides sufficient funding to cover the increase.

E. LEGAL CONSIDERATION:

- The contract between the HRA and HUD provides for FMR adjustments in accordance with federal regulations.

ALTERNATIVE RECOMMENDATION(S):

- Do not change the payment standard at this time; however, this will create a larger rent burden for our tenants.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
071921 Section 8 Payment Standard 8 - 2021	Cover Memo

Proposed Payment Standards effective 8/1/2021

<u>0 BDR</u>	<u>1 BDR</u>	<u>2 BDR</u>	<u>3 BDR</u>	<u>4 BDR</u>	<u>5 BDR</u>
810	1000	1225	1655	1945	2281

Current Payment Standards effective 12/01/2020

<u>0 BDR</u>	<u>1 BDR</u>	<u>2 BDR</u>	<u>3 BDR</u>	<u>4 BDR</u>	<u>5 BDR</u>
810	950	1180	1655	1945	2281

HUD FMR effective 10/1/2020

<u>0 BDR</u>	<u>1 BDR</u>	<u>2 BDR</u>	<u>3 BDR</u>	<u>4 BDR</u>
898	1054	1308	1838	2156



STAFF REPORT NO. 21
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
7/19/2021

REPORT PREPARED BY: Julie Urban, Housing and Redevelopment Manager
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
7/14/2021

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution approving the amendment, assignment and assumption of the Preliminary Redevelopment Agreement with Penn Investments LLC and Penn Investments Limited Partnership 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 (Agreement) with the Developer in 2020.

The Developer is proposing to fund the project primarily with federal tax credits, a mortgage through Minnesota Housing, federal HOME funds, and Metropolitan Council Local Housing Incentive Account (LHIA) funds. One-hundred percent of the units would be income-restricted at a mix of income levels, including 30%, 50% and 60% of the Area Median Income.

The Agreement is set to expire on July 31, 2021. The deadline was established to give the HRA and the Developer the option to terminate the Agreement in the event the Developer did not submit an application for tax credit funding. An application was submitted by the July 15th deadline, and awards are expected in December 2021. With the amendment, the Agreement would be extended until January 31, 2022, with the option under the Executive Director's discretion to extend that an additional 60 days if the project is awarded tax credits. In addition, the Agreement would be assigned to Penn Investments Limited Partnership for purposes of the tax credit financing.

RECOMMENDED ACTION:

By motion: Approve a resolution authorizing the execution and delivery of an amendment, assignment and assumption of a Preliminary Redevelopment Agreement with Penn Investments LLC and Penn Investments Limited Partnership 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.
- On June 21, 2021, the HRA approved a resolution in support of the application for federal tax credits.

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 Area Median Income (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 were due to Minnesota Housing by July 15, 2021. Awards are expected in December 2021.
- The Agreement expires July 31, 2021.
- A formal Redevelopment Agreement and Tax Increment Financing (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:

- A Limited Partnership is necessary for tax credit purposes requiring an assignment of the Agreement to Penn Investments Limited Partnership.

ALTERNATIVE RECOMMENDATION(S):

- Decide not to support the application for tax credits.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives from the development team.

ATTACHMENTS:

Description

Type

- ▣ Resolution
- ▣ Amended Assignment and Restatement
- ▣ Site Plan

Resolution Letter
Exhibit
Backup Material

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

RESOLUTION NO. _____

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF AN AMENDMENT,
ASSIGNMENT AND ASSUMPTION OF THE AMENDED AND RESTATED PRELIMINARY
REDEVELOPMENT AGREEMENT WITH PENN INVESTMENTS LLC AND PENN
INVESTMENTS LIMITED PARTNERSHIP**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns certain real property located 6500 Oliver Avenue South and 6501 Penn Avenue South (the “Redevelopment Property”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, the Authority and Penn Investments LLC, a Minnesota limited liability company (the “Assignor”), entered into a Preliminary Redevelopment Agreement, dated January 21, 2020 (the “Original Preliminary Redevelopment Agreement”), setting forth the Assignor’s intentions to acquire the Redevelopment Property, demolish the blighted buildings thereon, and construct a building with market-rate and affordable housing units and up to 12,000 square feet of commercial space (the “Project”); and

WHEREAS, the Authority and the Assignor entered into an Amended and Restated Preliminary Redevelopment Agreement, dated November 20, 2020 (as amended and restated, the “Preliminary Redevelopment Agreement”), which amended and restated the Original Preliminary Redevelopment Agreement to modify deadlines and revise the scope of the Project to include 63 affordable housing units, lobby, office space, storage space, and community room and no commercial space; and

WHEREAS, it is necessary for the Assignor to assign the Preliminary Redevelopment Agreement to Penn Investments Limited Partnership, a Minnesota limited partnership (the “Assignee”), as a result of the need to obtain tax credits for the Project; and

WHEREAS, the parties to the Preliminary Redevelopment Agreement also desire to extend the termination date of the Preliminary Redevelopment Agreement from July 31, 2021 to January 31, 2022; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has been presented with a form of an Amendment, Assignment and Assumption of the Amended and Restated Preliminary Development Agreement (the “Amendment and Assignment Agreement”) between the Authority, the Assignor, and the Assignee, pursuant to which the Assignor will assign its rights and interests in and its obligations under the Preliminary Redevelopment Agreement to the Assignee, the Assignee will assume such rights, interests, and obligations, and the termination date of the Preliminary Redevelopment Agreement will be extended to January 31, 2022; and

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

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

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

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

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 19th day of July, 2021.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary

**AMENDMENT, ASSIGNMENT AND ASSUMPTION OF THE AMENDED AND RESTATED
PRELIMINARY REDEVELOPMENT AGREEMENT**

THIS AMENDMENT, ASSIGNMENT AND ASSUMPTION OF THE AMENDED AND RESTATED PRELIMINARY REDEVELOPMENT AGREEMENT is made and entered into this ____ day of July, 2021, between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the “HRA”), Penn Investments LLC, a Minnesota limited liability company, or one of its wholly owned affiliates (the “Assignor”), and Penn Investments Limited Partnership, a Minnesota limited partnership or one of its wholly owned affiliates (the “Assignee”) and amends the Amended and Restated Preliminary Redevelopment Agreement, dated November, 20, 2020 (the “Agreement”), between the HRA and the Assignor.

WITNESSETH

WHEREAS, the HRA and the Assignor entered into an Amended and Restated Preliminary Redevelopment Agreement, dated November 20, 2020 (the “Amended and Restated Preliminary Redevelopment Agreement”), with respect to the proposed redevelopment by the Assignor of the property legally described therein, including the construction of a multi-phased project including a building with up to 69 market-rate and affordable housing units, commercial space, lobby, office space, bike entrance, storage space and community room; and

WHEREAS, the Assignor has requested that the Project be revised to include the construction of a multi-phased project including a building with up to 63 affordable housing units, lobby, office space, storage space, and community room (the “Project”); and

WHEREAS, the Assignor has requested that the termination date of the Amended and Restated Preliminary Redevelopment Agreement be extended to January 31, 2022; and

WHEREAS, the Assignor desires to assign to the Assignee all of its interest in and its rights and obligations under the Amended and Restated Preliminary Redevelopment Agreement as of the date hereof, and the Assignee desires to assume the Assignor’s interest in and rights and obligations as the “Redeveloper” under the Amended and Restated Preliminary Redevelopment Agreement from and after the date hereof, all as more particularly set forth in this Agreement and

WHEREAS, the Assignee represents that it is in the process of undertaking the activities described in Section 1 of the Agreement required to be performed by the Redeveloper but that it still in the process of negotiating the terms of the Contract (as defined in the Agreement) contemplated in the Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions. All capitalized terms not defined herein shall have the meanings given such terms in the Amended and Restated Preliminary Redevelopment Agreement.
2. Assignment and Assumption of Redevelopment Agreement. The Assignor hereby assigns to the Assignee all of its interest in the Amended and Restated Preliminary Redevelopment Agreement and its rights and obligations under the Amended and Restated Preliminary Redevelopment Agreement. The

Assignee hereby accepts such rights and assumes such obligations, subject to the terms of this Agreement. The HRA acknowledges and consents to such assignment.

3. Covenants of the Assignee. The Assignee expressly assumes all of the obligations, rights and interests of the Assignor as the “Redeveloper” under the Amended and Restated Preliminary Redevelopment Agreement, and the Assignee agrees to be subject to all the conditions and restrictions to which the Assignor is subject under the Amended and Restated Preliminary Redevelopment Agreement.

4. Release of Assignor. This Agreement shall be deemed to release and discharge the Assignor from any obligations of the “Redeveloper” under the Amended and Restated Preliminary Redevelopment Agreement, such obligations having been assumed by the Assignee.

5. Extension of Termination Date. The HRA hereby amends the Amended and Restated Preliminary Redevelopment Agreement to extend the termination date to January 31, 2022, unless further extended up to 60 days in the event of an award of federal tax credits, at the discretion of the Executive Director or terminated in accordance with the terms of the Amended and Restated Preliminary Redevelopment Agreement.

6. Governing Law. It is agreed that this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota.

7. Entirety of Agreement. This Agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

8. Modification. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if placed in writing and signed by each party or an authorized representative of each party.

9. Execution in Counterparts. This Agreement may be executed, acknowledged, and delivered in any number of counterparts and each of such counterparts shall constitute an original but all of which together shall constitute one agreement.

(Remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed this Amendment, Assignment and Assumption of the Amended and Restated Preliminary Redevelopment Agreement effective the date and year first above written.

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

By: _____
Mary B. Supple
Its: Chair

By: _____
John Stark
Its: Executive Director

PENN INVESTMENTS LLC, a Minnesota limited
liability company

By: _____
Name: _____
Its: _____

PENN INVESTMENTS LIMITED PARTNERSHIP, a
Minnesota limited partnership

By: _____
Name: _____
Its: _____

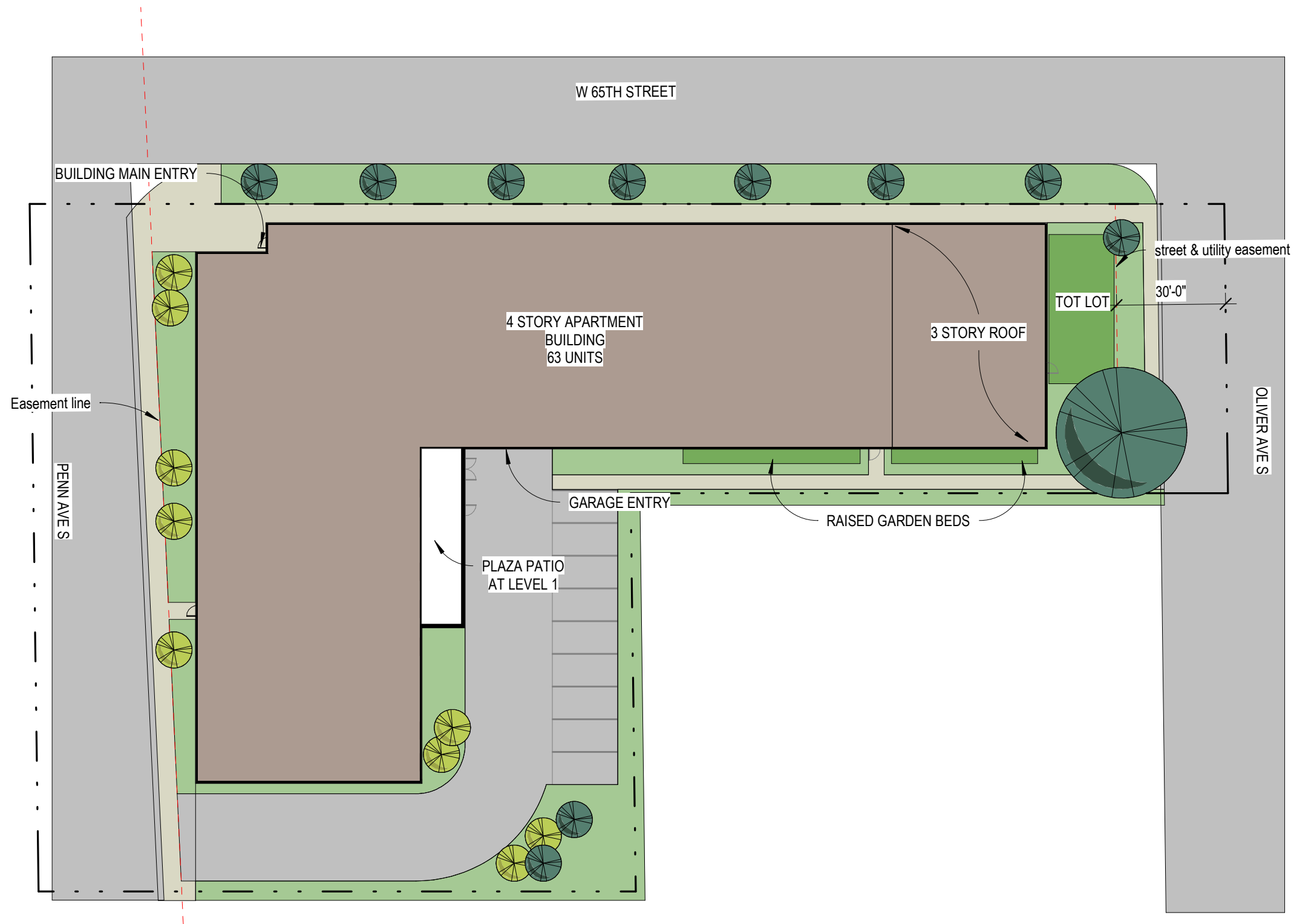
GROSS AREA - TOTAL	
Level	Area
Level 4	17,170 ft²
Level 3	19,759 ft²
Level 2	19,759 ft²
Level 1	19,759 ft²
Level -1	20,057 ft²
Grand total	96,504 ft²

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

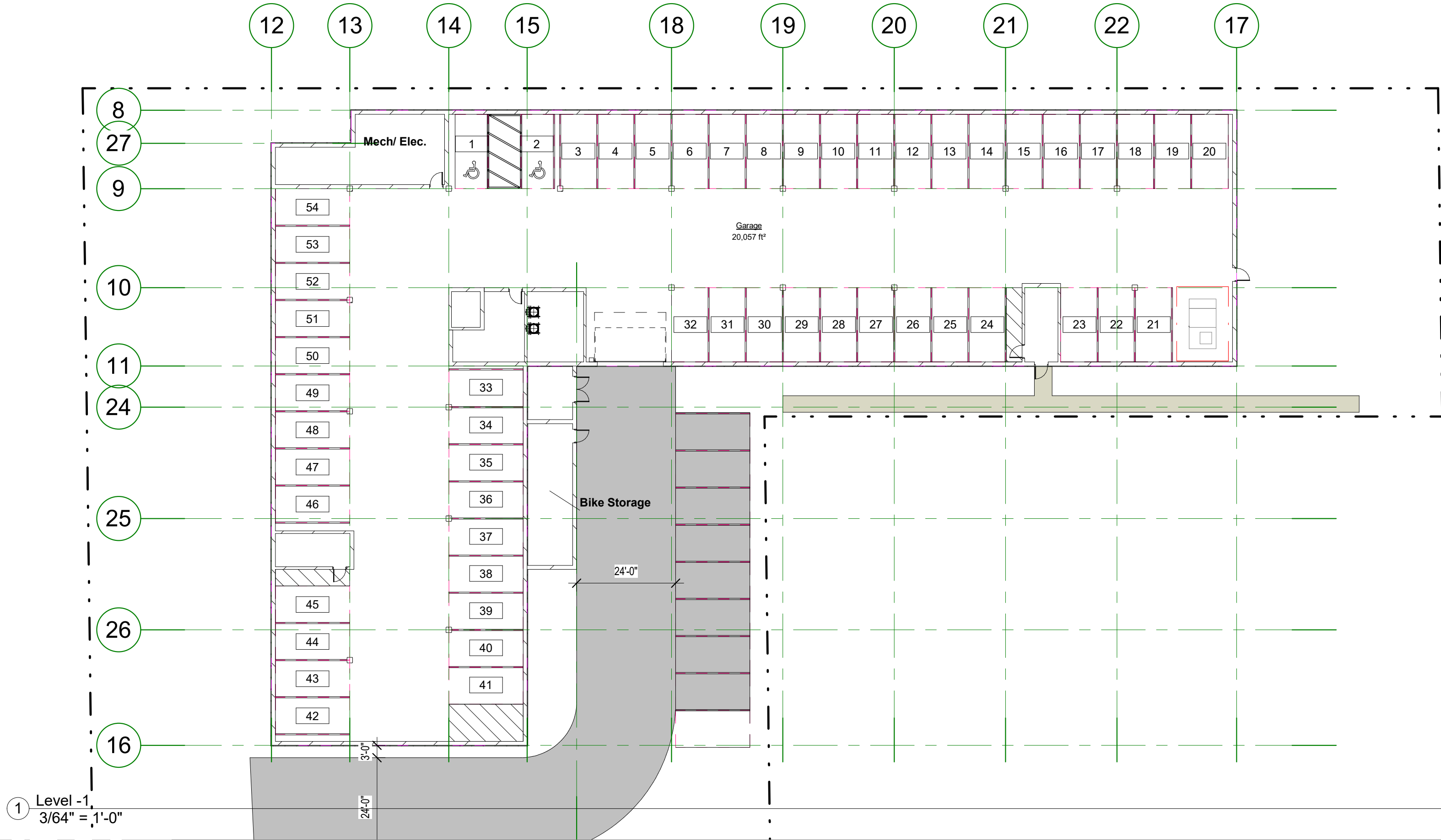
UNIT MIX - GROSS AREA				
Name	Count	Unit Gross Area	Total Area	%
		Main Floor		
1 BR				
Unit 1-0	16	663 ft²	10,604 ft²	25%
	16		10,604 ft²	25%

2BR				
Unit 2-0	27	939 ft²	25,350 ft²	43%
Unit 2-1	3	1,142 ft²	3,425 ft²	5%
	30		28,776 ft²	48%

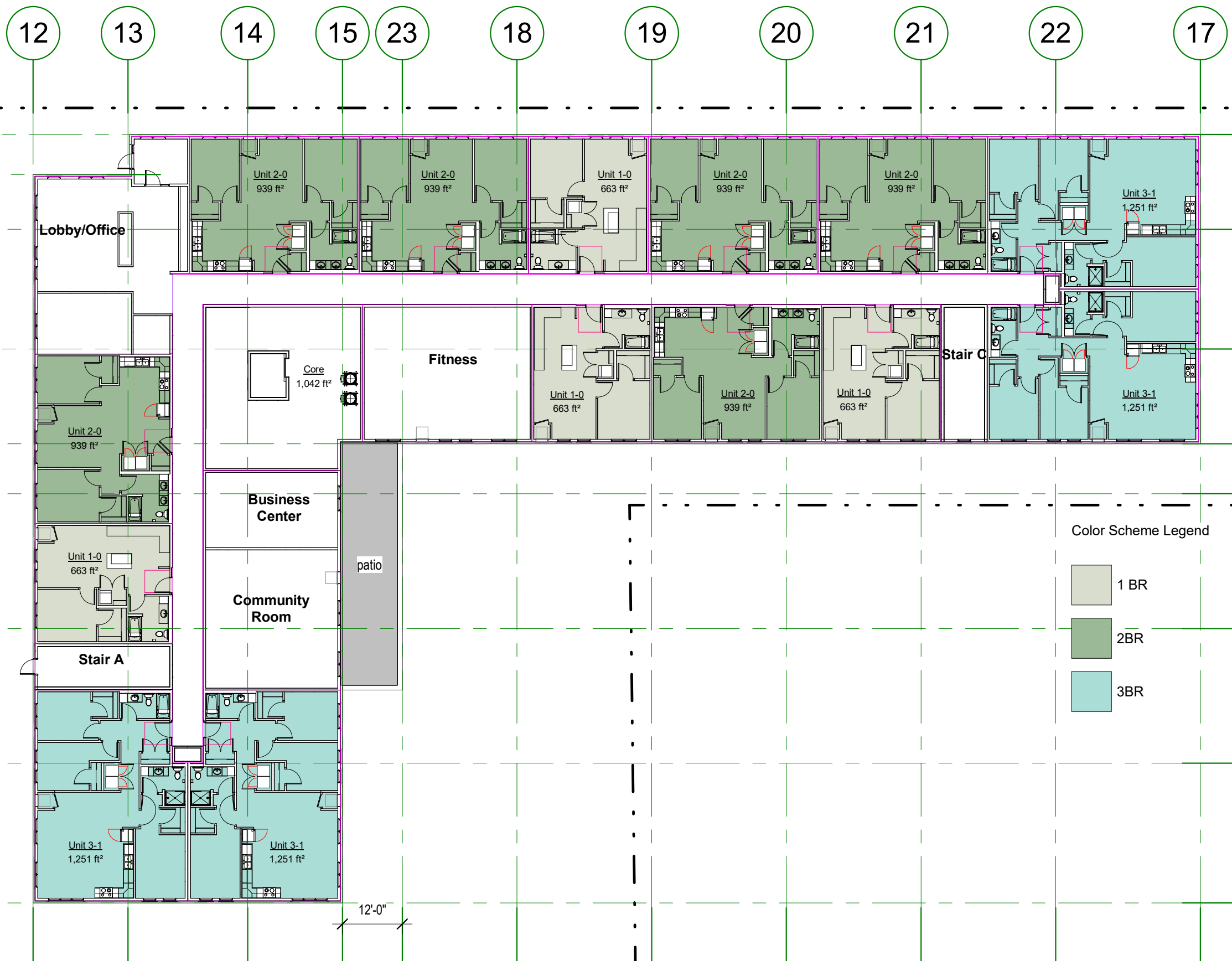
3BR				
Unit 3-0	3	1,215 ft²	3,645 ft²	5%
Unit 3-1	14	1,251 ft²	17,514 ft²	22%
	17		21,159 ft²	27%
Grand total	63		60,538 ft²	100%



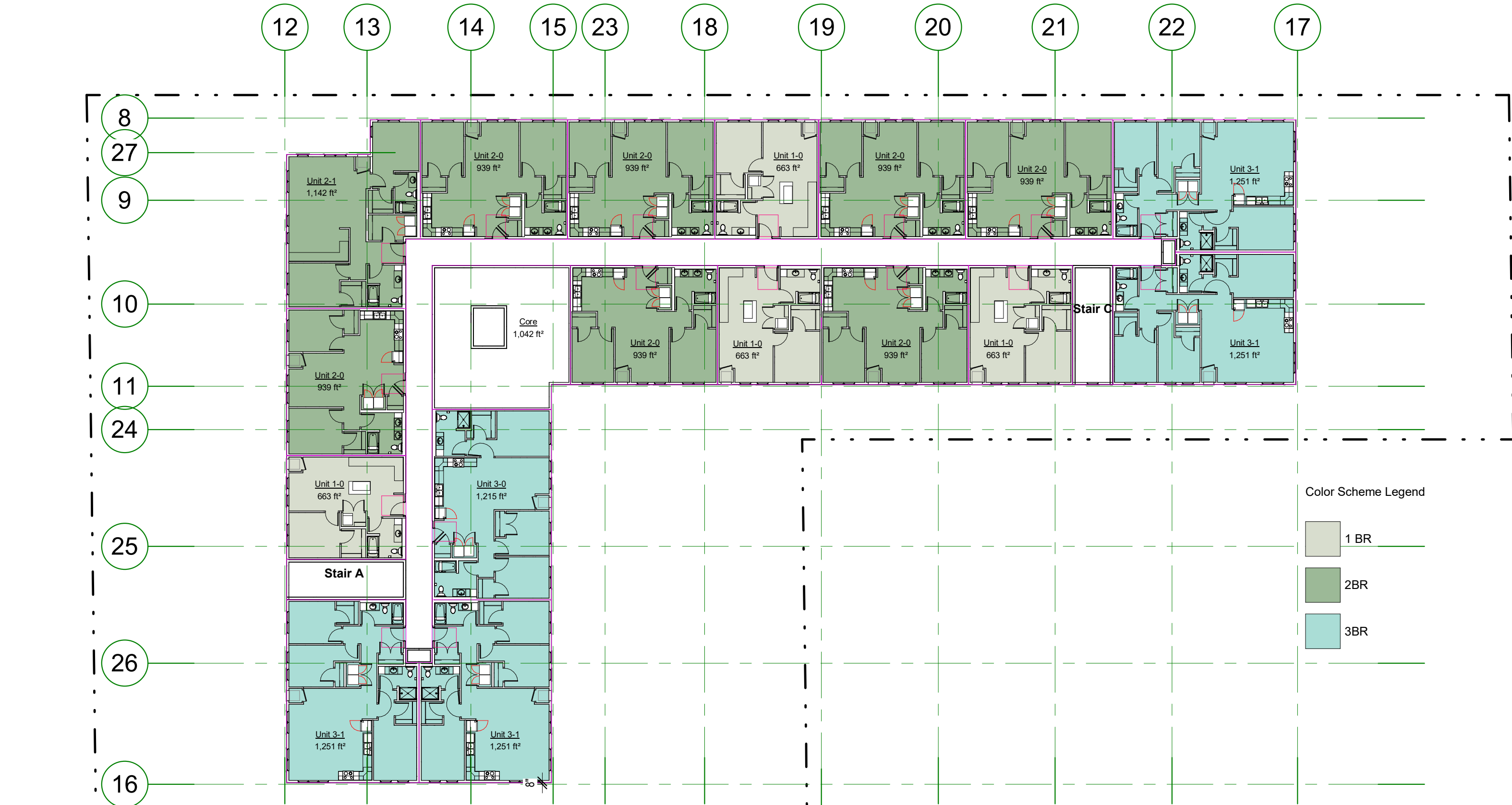
1 SD Site Plan
1/32" = 1'-0"



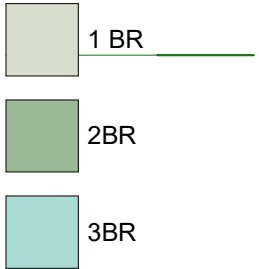
1 Level -1
3/64" = 1'-0"



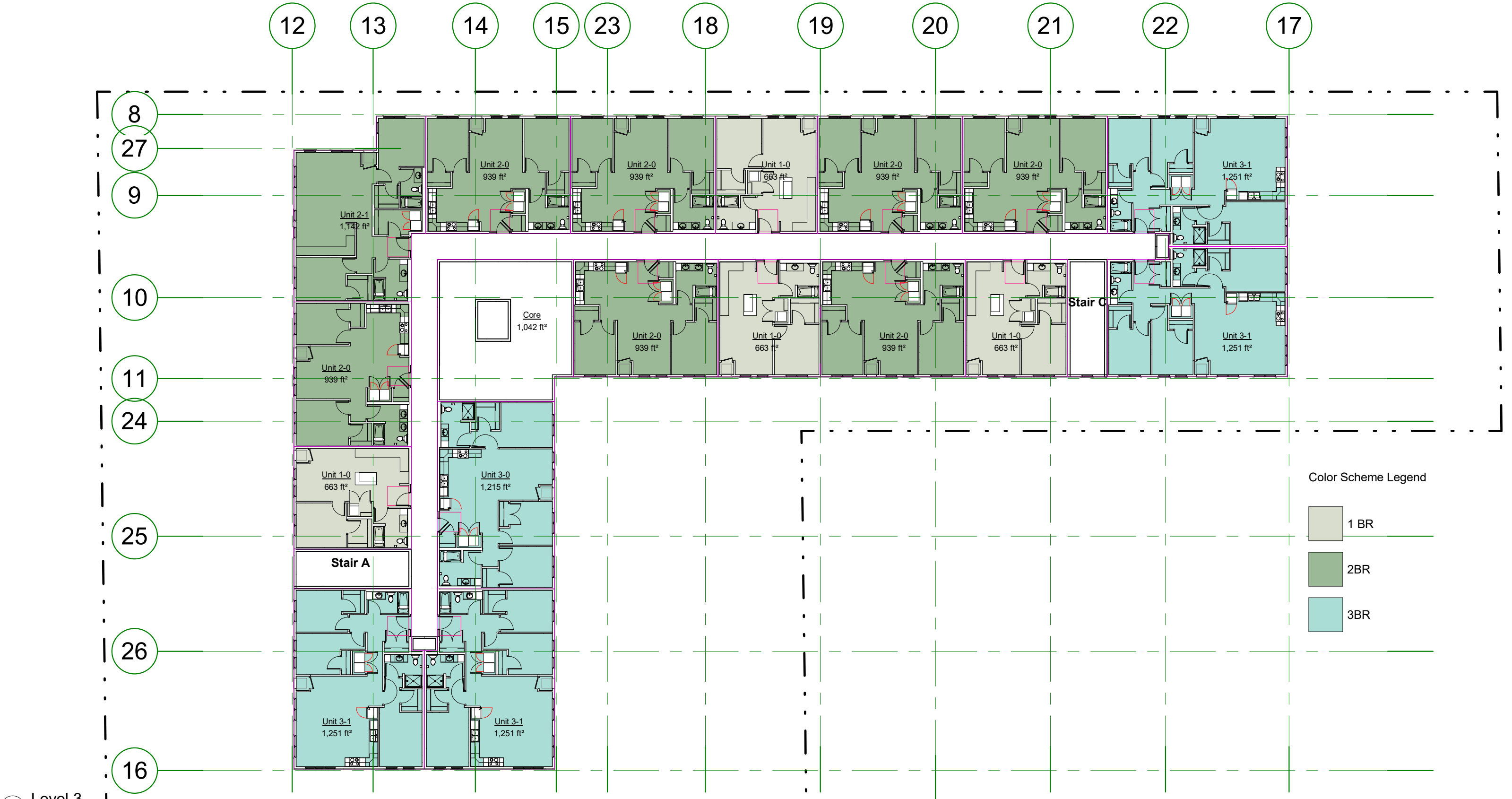
1 Level 1
3/64" = 1'-0"



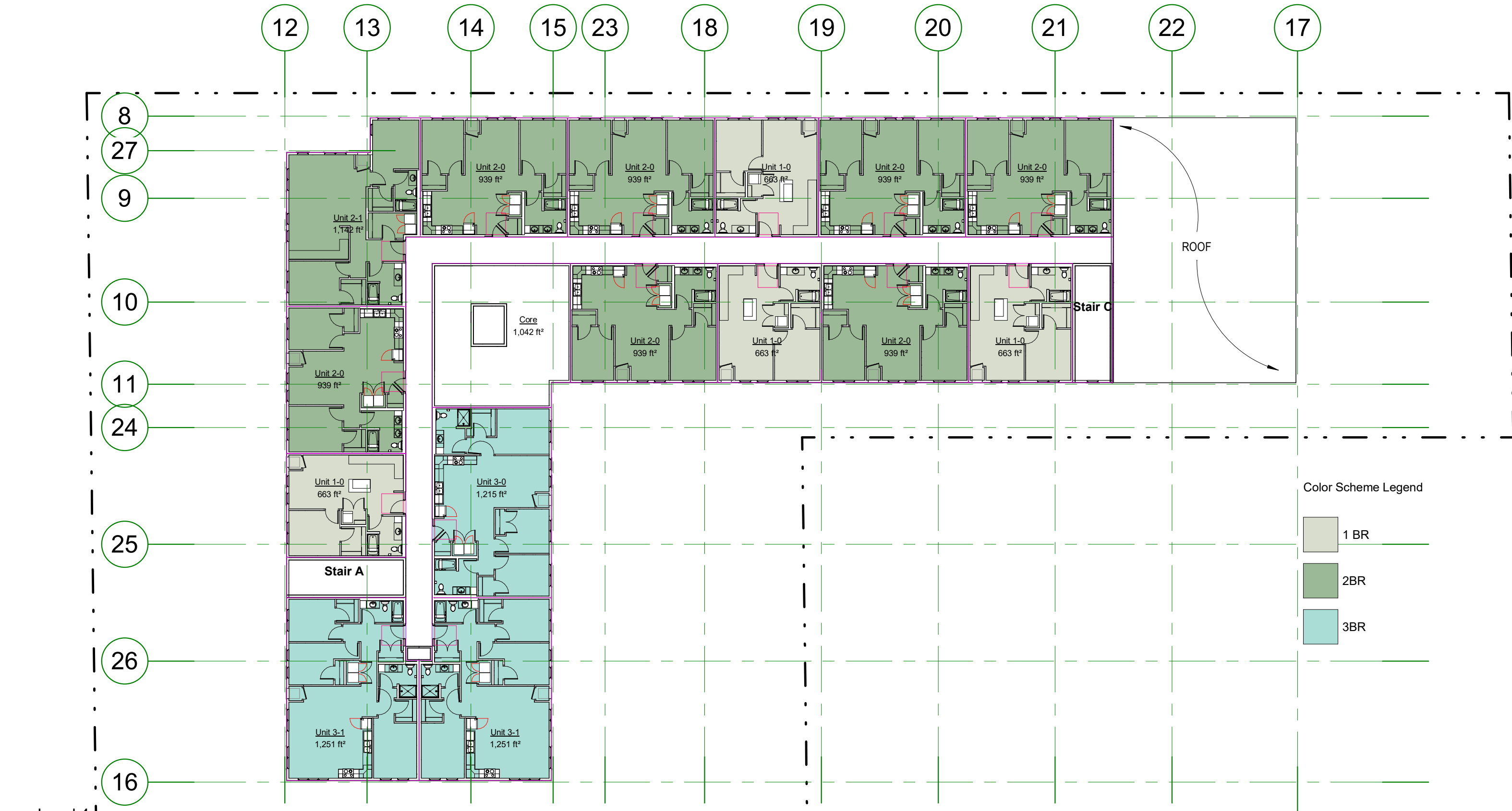
Color Scheme Legend



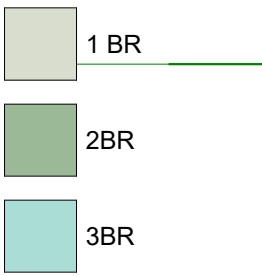
1 Level 2
3/64" = 1'-0"



① Level 3
3/64" = 1'-0"



Color Scheme Legend



① Level 4
3/64" = 1'-0"