



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING  
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS  
NOVEMBER 15, 2021  
7:00 PM**

Call to Order

Open Forum: To participate in the open forum to address the HRA on items not on the current agenda you may do so in person at City Hall in the Council Chambers, or you may participate virtually by dialing dial 612-861-0651

Approval of the minutes of 1) the joint City Council, Housing and Redevelopment Authority and Planning Commission work session of October 18, 2021; and 2) the regular Housing and Redevelopment Authority meeting of October 18, 2021.

**AGENDA APPROVAL**

1. Approval of the Agenda

**RESOLUTIONS**

2. Consider a resolution approving an amendment to the Contract for Private Development with Lynk 65, LLC.

Staff Report No. 38

3. Consideration of a resolution authorizing the transfer of funds from the Housing and Redevelopment Authority's General Fund to the Affordable Housing Trust Fund.

Staff Report No. 39

4. Consideration of the adoption of a resolution authorizing the purchase of 6326 14th Avenue South for future development as a single-family home under the Richfield Rediscovered Program.

Staff Report No. 40

**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

## Joint City Council, Housing and Redevelopment Authority, and Planning Commission Work Session

**October 18, 2021**

### CALL TO ORDER

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

Council Members Present: Maria Regan Gonzalez, Mayor; Mary Supple, Ben Whalen; Sean Hayford Oleary; and Simon Trautmann (arrived 6:26).

Council Members Absent: None.

HRA Members Present: Mary Supple, Chair; Maria Regan Gonzalez; Erin Vrieze Daniels.

HRA Members Absent: Sue Sandahl; and Lee Ohnesorge

PC Members Present: Brian Pynn; Jim Rudolph (left 6:30); Brendan Kennealy; and Brett Stursa.

PC Members Absent: Kathryn Quam, Chair; and Susan Rosenberg.

Staff Present: John Stark, HRA Executive Director/Community Development Director; Julie Urban, Housing Manager; Ryan Krzos, City Planner; and Kari Sinning, City Clerk.

Others Present: Ryan Schwickert, MWF Properties

#### Item #1

**PROPOSAL BY MWF PROPERTIES TO DEVELOP 55 UNITS OF WORK FORCE  
HOUSING ON THE CITY GARAGE SOUTH PROPERTY, 7700 PILSBURY AVE S**

Executive Director Stark explained the reason for this work session, background with MWF Properties and introduced Ryan Schwickert with MWF Properties.

Mr. Schwickert presented the workforce housing proposal outlining their development team and summary.

Planning Commissioner Pynn asked why the original proposal that fell through. Mr. Schwickert explained that it was due to funding.

HRA Commissioner Regan Gonzalez asked about the replacement of the NOAH that was mentioned and Housing Manager Urban stated that it was due to the change at Concierge at Penn. HRA Commissioner Regan Gonzalez questioned the site plan and struggles with the site as it is such a small area to create that community feel.

HRA Commissioner Vrieze Daniels promotes the housing in that area because it does promote amenities and questioned the financials. Housing Manager Urban explained the options of finances with creating a new housing TIF district.

Council Member Whalen supported housing at the site and expressed support of a mix of income levels. Mr. Schwickert explained the reasoning behind the lower income levels due to financing and could look at options to make it more of a mix at a later date. There was discussion as to how the average income levels affect tax credits.

Planning Commissioner Kennealy questioned the zoning in reference to the comp plan. Housing Manager Urban explained that the comp plan was made to match the housing already along 494 and the comp plan would have to be amended to accommodate this.

Council Member Hayford Oleary expressed support of using this site for housing and gave some feedback on the site plan and asked for clarification on any other outstanding proposals. Community Development Director Stark stated that there are no other current proposals other than Richfield Bloomington Honda.

Council Member Trautmann questioned the long term plan for the adjacent properties in that area and City Planner Krzos said that in the comp plan does guide the area to high-density residential but the current use is mixed-use zoning. Community Development Director Stark stated that the area is dependent upon those owners and the developers that would contact those owners to utilize the areas better.

HRA Chair Supple was happy to see garage parking included in the rent along with off street parking and the three bedroom unit availability. HRA Chair Supple also gave feedback regarding the site plan.

Community Development Director Stark summarized the next steps for the HRA, Planning Commission and City Council.

<b>ADJOURNMENT</b>
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The work session was adjourned by unanimous consent at 7:00 p.m.

Date Approved: November 15, 2021

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Mary B. Supple  
Chair

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Kari Sinning  
City Clerk

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John Stark  
Executive Director



# HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

**Regular Meeting**

**October 18, 2021**

## CALL TO ORDER

The meeting was called to order by Chair Supple at 7:04 p.m. in the Council Chambers.

*HRA Members Present:* Mary Supple, Chair; Maria Regan Gonzalez; and Erin Vrieze Daniels

*HRA Members Absent:* Sue Sandahl and Lee Ohnesorge

*Staff Present:* John Stark, Community Development Director/Executive Director; Julie Urban, Housing Manager; Myrt Link, Community Development Accountant, and Kari Sinning, City Clerk.

*Others Present:* Rebecca Kurtz, Ehlers Inc.

## OPEN FORUM

No callers.

## APPROVAL OF THE MINUTES

M/Regan Gonzalez, S/ Vrieze Daniels to approve the minutes of the regular Housing and Redevelopment meeting of September 20, 2021.

Motion carried 3-0

**Item #1**

## APPROVAL OF THE AGENDA

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

Motion carried 3-0

**Item #2**

## CONSENT CALENDAR

Executive Director Stark presented the Consent Calendar:

- A. Consideration of a Resolution authorizing execution of a Developer Agreement with the West Hennepin Affordable Land Housing Trust, dba Homes Within Reach, for the acquisition, rehabilitation and sale of houses under the New Home Program. (Staff Report No. 34)

**HRA RESOLUTION NO. 1409**

**RESOLUTION APPROVING DEVELOPER AGREEMENT WITH WEST HENNEPIN  
AFFORDABLE HOUSING LAND TRUST DBA HOMES WITHIN REACH**

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

Commissioner Regan Gonzalez commented in support the New Home Program.

Chair Supple commented on the use of the Pool TIF.

Motion Carried 3-0

<b>Item #3</b>	<b>CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR</b>
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None

<b>Item #4</b>	<b>CONSIDERATION OF A RESOLUTION APPROVING GRANT AGREEMENTS WITH WOODLAWN TERRACE COOPERATIVE TO PROVIDE FUNDS FOR UTILITY UPGRADES, DEMOLITION AND REHABILITATION WORK (STAFF REPORT NO. 35)</b>
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Housing Manager Urban presented Staff Report No. 35.

M/Regan Gonzalez, S/Vrieze Daniels to adopt the attached resolution approving a Grant Agreement with the Woodlawn Terrace Cooperative to provide funds for utility upgrades and a Grant Agreement for demolition and rehabilitation work.

**HRA RESOLUTION NO. 1410**

**RESOLUTION APPROVING GRANT AGREEMENTS FOR THE WOODLAWN TERRACE  
MOBILE HOME PARK**

Commissioner Vrieze Daniels is in support of the project

Commissioner Regan Gonzalez clarified the financing with Minnesota Housing for the community and applauded the partnership between the community and the City.

Supple thanked North Country Cooperative Foundation for the help given to the residents.

Motion carried 3-0

<b>Item #5</b>	<b>CONSIDERATION OF AN AMENDMENT TO THE CONTRACT FOR PRIVATE DEVELOPMENT WITH CEDAR POINT INVESTMENTS, LLC, EXTENDING THE CONTRACT DEADLINE AND ALLOWING FOR THE SALE OF MARKET-RATE TOWNHOMES. (STAFF REPORT NO. 36)</b>
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Housing Manager Urban presented Staff Report No. 36.

M/Regan Gonzalez, S/Vrieze Daniels to approve a resolution amending the Contract for Private Development with Cedar Point Investments, LLC and granting the Housing and Redevelopment Authority Attorney approval of the final form of the amended document.

**HRA RESOLUTION NO. 1411**

**RESOLUTION APPROVING FIRST AMENDMENT TO  
CONTRACT FOR PRIVATE DEVELOPMENT WITH CEDAR POINT II**

Motion carried 3-0

<b>Item #6</b>	<b>CONSIDERATION OF THE ACCEPTANCE OF THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY TAX INCREMENT FINANCING DISTRICT STATUS UPDATE. (STAFF REPORT NO. 37)</b>
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Community Development Accountant Link presented Staff Report No. 37 and introduced Rebecca Kurtz from Ehler's.

Rebecca Kurtz gave a presentation regarding the TIF districts.

Commissioner Vrieze Daniels thanked Rebecca Kurtz for the detailed report.

Chair Supple thanked Community Development Accountant Link for her work on the TIF districts.

Stark thanked Rebecca Kurtz for her continued work with the City over the past 21 years.

M/Regan Gonzalez, S/Vrieze Daniels to accept the Richfield Housing and Redevelopment Authority Annual Tax Increment Financing District Status Update.

Motion carried 3-0

<b>Item #7</b>	<b>HRA DISCUSSION ITEMS</b>
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None.

<b>Item #8</b>	<b>EXECUTIVE DIRECTOR'S REPORT</b>
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Executive Director Stark extended condolences to the Mathwig family.

<b>Item #9</b>	<b>CLAIMS</b>
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M/Vrieze Daniels, S/Regan Gonzalez that the following claims be approved:

<b>U.S. BANK</b>	<b>10/18/2021</b>
Section 8 Checks: 133192 - 133273	\$ 172,812.00
HRA Checks: 34085 - 34097	\$ 36,828.78
<b>TOTAL</b>	<b>\$ 209,640.78</b>

Motion carried 3-0

<b>Item #10</b>	<b>ADJOURNMENT</b>
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The meeting was adjourned by unanimous consent at 7:40 p.m.

Date Approved: November 15, 2021

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Mary B. Supple  
HRA Chair

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Kari Sinning  
City Clerk

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John Stark  
Executive Director



**STAFF REPORT NO. 38**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/15/2021**

REPORT PREPARED BY: Melissa Poehlman, Asst. Community Development Director  
OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director  
11/9/2021

**ITEM FOR COUNCIL CONSIDERATION:**

**Consider a resolution approving an amendment to the Contract for Private Development with Lynk 65, LLC.**

**EXECUTIVE SUMMARY:**

On November 24, 2020, the Housing and Redevelopment Authority (HRA) approved a Contract for Private Development (Contract) with Lynk 65, LLC (Developer) agreeing to provide up to \$5.7 million in Tax Increment Financing (TIF) to aid in the construction of a mixed use building at 65th Street and Lyndale Avenue. The project is to include 157 units of housing, with 10 affordable 2-bedroom units, and approximately 8,000 square feet of commercial space. The mixed use project was found to meet several of the community's goals and has subsequently received all land use approvals.

This summer, as the Developer prepared construction documents, costs were found to have greatly increased due to several pandemic-related issues. The Developer submitted revised financial information and the HRA's financial consultants at Ehlers confirmed these increases and the larger "gap" in financing. Ehlers and HRA staff evaluated a variety of options to both close this gap and to maintain the commercial space in the ground floor of the development. On August 16, 2021, the HRA approved an up-front infusion of \$500,000 in pooled redevelopment funds in the form of a forgivable loan. Despite a financial analysis by Ehlers indicating that additional TIF funds would be generated by the development and likely needed for the project, the Developer felt that they could make the project work without additional "Pay-As-You-Go" TIF funds. As the Developer has worked to secure final financing, they have realized that the additional TIF will be necessary and are asking the HRA to consider an amendment to the Contract.

The proposed Contract Amendment would extend the District duration by 3 years and provide the Developer with an additional \$430,000 in TIF over the life of the District. The extended term of the District provides benefits to the HRA as well, including an additional \$103,000 to the Housing and Redevelopment Fund and an additional \$94,000 in Administrative funds. Finally, the longer duration of the District is accompanied by an amended Restrictive Covenant that preserves the affordability of the 10, 2-bedroom units for an additional 3 years.

HRA staff and consultants find that the additional assistance is necessary for the project and would have recommended its approval earlier in the year when the initial request for the \$500,000 was made. Staff recommends approval of the Contract Amendment.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution approving a First Amendment to the Contract for Private**



**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- In 1997-1998, a large scale visioning process for the area bounded by 62nd and 67th Streets and Pleasant Avenue South and 35W took place. The resulting Lakes at Lyndale Master Plan (Plan) envisioned a thriving urban downtown area made up of a variety of multi-family housing types, commercial uses, and natural elements. The evolution of this area has continued since the adoption of that Plan.
- In 2011, the north half of this block was redeveloped into what is now Lyndale Plaza. Investment and revitalization in this area has continued with the Lyndale Station commercial development to the south and the former Lyndale Garden Center to the west.
- On September 24, 2019 representatives of Lynk 65, LLC presented conceptual plans for a mixed use development to the City Council, HRA, and Planning Commission.
- The HRA approved a Preliminary Development Agreement with the Developer on February 18, 2020.
- Revised conceptual plans were presented to the City Council, HRA and Planning Commission on July 20, 2020.
- The HRA approved a Contract for Private Development with the Developer on November 24, 2020.
- The HRA approved a \$500,00 forgivable loan to the Developer on August 16, 2021.

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

- In a Redevelopment TIF District there are no statutory requirements related to affordability. Per the approved Contract, the Developer has agreed to provide both affordable units and a 15% contribution to the HRA's Housing and Redevelopment Fund. The proposed Amendment increases the required term of this affordability to match the longer duration of the TIF District and will also increase the contribution to the Housing and Redevelopment Fund.

**C. CRITICAL TIMING ISSUES:**

- The Developer has submitted a building permit application; however, final financing cannot occur until additional funding has been secured.

**D. FINANCIAL IMPACT:**

- Total value of the TIF Note will increase from \$5,723,074 to \$6,153,162 (difference of \$430,088).
- Present Value of money pooled for the Housing and Redevelopment Fund will increase from \$812,421 to \$915,244 (difference of \$102,823).
- Collection of pooled Housing and Redevelopment Funds will be delayed by 1 year (previously collection was to begin in year 12.5, proposed year 13.5).
- Present Value of administrative fund to be collected increases from \$691,716 to \$785,378 (difference of \$93,662).
- See also, attached summary financial sheet.

**E. LEGAL CONSIDERATION:**

- HRA Attorney Julie Eddington prepared the attached Contract Amendment.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the Contract Amendment.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Representative of Enclave Development / Lynk 65, LLC

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter

- |   |   |                    |
|---|---|--------------------|
| ▣ | First Amendment to Contract for Private Development | Contract/Agreement |
| ▣ | Contract Comparison Summary                         | Exhibit            |

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

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT FOR PRIVATE  
DEVELOPMENT WITH LYNK 65, LLC**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) has undertaken a program to promote redevelopment and development of land that is underused or underutilized within the City and in this connection the Authority administers a redevelopment project known as the Richfield Redevelopment Project (the “Redevelopment Project”) pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended; and

WHEREAS, the Authority established Tax Increment Financing District No. 2020-3 (a redevelopment district) (the “TIF District”) within the Redevelopment Project pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), in order to facilitate redevelopment of certain property in the Redevelopment Project; and

WHEREAS, the Authority and Lynk 65, LLC, a Minnesota limited liability company (the “Developer”), entered into a Contract for Private Development, dated November 24, 2020 (the “Original Agreement”), pursuant to which the Developer agreed to acquire certain property within the TIF District and construct thereon approximately 157 units of housing, with ten (10) affordable two-bedroom units, and approximately 8,000 square feet of retail space (the “Minimum Improvements”), and the Authority agreed to reimburse the Developer for certain public redevelopment costs associated with the Minimum Improvements, as evidenced by a tax increment limited revenue note (the “TIF Note”); and

WHEREAS, there has been presented before this Board of Commissioners of the Authority a First Amendment to Contract for Private Development (the “First Amendment”) between the Authority and the Developer, which amends the Original Agreement to (i) extend the TIF District from seventeen (17) years to twenty (20) years, in order to capture sufficient available tax increment to finance the Minimum Improvements; (ii) change the interest rate on the TIF Note from 3.75% to 3.40%; (iii) change the commencement and completion dates for construction of the Minimum Improvements; and (iv) extend the period that certain affordability covenants are required from seventeen (17) years to twenty (20) years; and

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

1. The First Amendment is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the First Amendment for and on behalf of the Authority in substantially the form now on file with the Executive Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

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

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota  
this 15<sup>th</sup> day of November, 2021.

ATTEST:

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Mary B. Supple, Chair

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Maria Regan Gonzalez, Secretary

## **FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT**

THIS FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT (the “First Amendment”), made as of the 15<sup>th</sup> day of November, 2021, between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and LYNK 65, LLC, a Minnesota limited liability company (the “Developer”), and amends the Contract for Private Development, dated November 24, 2020, between the Authority and Developer (the “Original Agreement”).

WITNESSETH:

WHEREAS, the Authority has undertaken a program to promote redevelopment and development of land that is underused or underutilized within the city of Richfield, Minnesota (the “City”), and in this connection the Authority administers a redevelopment project known as the Richfield Redevelopment Project (the “Redevelopment Project”) pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended; and

WHEREAS, the Authority established Tax Increment Financing District No. 2020-3 (a redevelopment district) (the “TIF District”) within the Redevelopment Project pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), in order to facilitate redevelopment of certain property in the Redevelopment Project; and

WHEREAS, the Developer proposed to acquire certain property within the TIF District legally described in EXHIBIT A attached hereto (the “Development Property”) and construct thereon approximately 157 units of housing, with ten (10) affordable two-bedroom units, and approximately 8,000 square feet of retail space (the “Minimum Improvements”); and

WHEREAS, in order to achieve the objectives of the redevelopment plan for the Redevelopment Project and make the Minimum Improvements economically feasible for the Developer to construct, the Authority agreed to reimburse the Developer for a portion of the land acquisition costs, demolition and remediation costs, certain site improvement costs, and other costs related to the Minimum Improvements that may be reimbursed with tax increment, pursuant to the terms of the Original Agreement and as evidenced by a tax increment limited revenue note (the “TIF Note”); and

WHEREAS, the Developer has asked the Authority to amend the Original Agreement to (i) extend the TIF District from seventeen (17) years to twenty (20) years, in order to capture sufficient available tax increment to finance the Minimum Improvements; (ii) change the interest rate on the TIF Note from 3.75% to 3.40%; (iii) change the commencement and completed dates for construction of the Minimum Improvements; (iv) extend the period that certain affordability covenants are required from seventeen (17) years to twenty (20) years; and

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

## ARTICLE I

### Amendments

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

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

“Available Tax Increment” means, on each Payment Date, the Tax Increment attributable to the Development Property and paid to the Authority by the County in the six (6) months preceding the Payment Date after first deducting therefrom ten percent (10%) of the Tax Increment to be used to reimburse the Authority for administrative expenses and, subject to Section 4.5 hereof. Available Tax Increment shall not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under this Agreement. For the first ~~seventeen (17)~~ twenty (20) years of the TIF District, the percentage of Tax Increment to be provided to the Developer and the Authority will be allocated as follows:

Years in which Tax Increment Received	Tax Increment to Developer	Tax Increment to Authority
Year <del>1-42</del> <u>13</u> (commencing August 1, 2023 and ending February 1, <del>2035</del> <u>2036</u> )	90%	10%
Year <del>42.5-45.5</del> <u>13.5-15.0</u> (commencing August 1, <del>2035</del> <u>2036</u> and ending February 1, 2038)	70%	30%
Year <del>46-47</del> <u>15.5-17</u> (commencing August 1, 2038 and ending February 1, 2040)	<del>50</del> <u>24</u> %	<del>50</del> <u>79</u> %
<u>Year 17.5-20 (commencing August 1, 2040 and ending February 1, 2043)</u>	<u>43</u> %	<u>57</u> %

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

“First Amendment” means this First Amendment to Contract for Private Development.

“Original Agreement” means the Contract for Private Development, dated November 24, 2020, between the Authority and the Developer.

Section 1.3. Amendments to Section 3.3 of the Original Agreement. Section 3.6(a) of the Original Agreement is hereby amended as follows (deleted language is stricken, and new language is underlined):

Section 3.3. Issuance of Pay-As-You-Go TIF Note.

(a) To reimburse the Developer for certain Public Redevelopment Costs, the Authority shall issue and deliver and the Developer shall purchase the TIF Note in the principal amount of ~~\$5,723,074~~ \$6,153,162 in substantially the form set forth in EXHIBIT B. The Authority and the Developer agree that the consideration from the Developer for the purchase of the TIF Note shall consist of the Developer's payment of the Public Redevelopment Costs in at least the principal amount of the TIF Note.

The Authority shall deliver the TIF Note upon delivery by the Developer of an investment letter in substantially the form attached hereto as EXHIBIT C, together with evidence reasonably satisfactory to the Authority that the Developer has paid the Public Redevelopment Costs in at least the principal amount of the TIF Note. The principal of and interest on the TIF Note shall be payable each Payment Date solely with Available Tax Increment.

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

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer will commence the construction of the Minimum Improvements by ~~August 31, 2021~~ June 1, 2022, and substantially complete construction of the Minimum Improvements by ~~August 31, 2023~~ June 1, 2024. Construction is considered to be commenced upon the beginning of physical improvements beyond grading. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans as submitted by the Developer and approved by the Authority.

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

Section 1.5. Amendments to Section 4.5 of the Original Agreement. Section 4.5 of the Original Agreement is hereby amended as follows (deleted language is stricken, and new language is underlined):

Section 4.5. Affordability Covenants. The Developer agrees that at all times from initial occupancy of the Minimum Improvements constructed within the TIF District through the earlier of (i) the date that the TIF District is decertified and (ii) the date that is ~~seventeen (17)~~ twenty (20) years after the commencement of the Qualified Project Period (as defined in the Declaration) at least ten (10) two-bedroom units within the Minimum Improvements shall be reserved for occupancy by individuals whose income is sixty percent (60%) or less of the area's median gross income constructed and satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The Developer and the Authority shall execute the Declaration of Restrictive Covenants in substantially the form set forth in EXHIBIT E and record such agreement against the Development Property.

During the term of the Declaration, the Developer shall not adopt any policies specifically prohibiting or excluding any rental to tenants holding certificates/vouchers under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor because of such prospective tenant's status as such a certificate/voucher holder.

Section 1.6. Amendment to Original Agreement Regarding the TIF Note. The form of the TIF Note shown in Exhibit B of the Original Agreement is deleted in its entirety and replaced with the form substantially set forth in EXHIBIT B attached hereto.

Section 1.7. Amendment to Original Agreement Regarding the Declaration of Restrictive Covenants. The form of the Declaration of Restrictive Covenants shown in Exhibit E of the Original Agreement is deleted in its entirety and replaced with the form substantially set forth in EXHIBIT C attached hereto.

## **ARTICLE II**

### **Miscellaneous**

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

Section 2.2. Effective Date. The amendments and supplements made to the Original Agreement by this First Amendment shall be effective as of November 15, 2021.

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

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



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

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

By \_\_\_\_\_  
Its Chair

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA     )  
  ) SS.  
COUNTY OF HENNEPIN     )

The foregoing instrument was acknowledged before me this November \_\_\_, 2021, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA     )  
  ) SS.  
COUNTY OF HENNEPIN     )

The foregoing instrument was acknowledged before me this November \_\_\_, 2021, by John Stark, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

\_\_\_\_\_  
Notary Public

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

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

**LYNK 65, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF MINNESOTA       )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_, 2021, by \_\_\_\_\_, the \_\_\_\_\_ of LYNK 65, LLC a Minnesota limited liability company, on behalf of the Developer.

\_\_\_\_\_  
Notary Public

## **EXHIBIT A**

### **DEVELOPMENT PROPERTY LEGAL DESCRIPTION**

Lot 2, Block 2 of J N Hausers Addition, according to the plan thereof, Hennepin County, Minnesota

Lots 4, 5, 19, 20, and Lot 18 except the Northwesterly 25 feet of said Lot 18, Block 6, Lyndale Oaks Addition, plus vacated alley between Lots 18 and 19, plus one-half of vacated alley North of Lot 5 and Northeast of Lot 18, Hennepin County, Minnesota, subject to landscaping easements for sidewalk and for other utility uses

Lot 3, Block 6 of Lyndale Oaks Addition, according to the plat thereof, Hennepin County, Minnesota

Lots 2, 4, 5, 18, except the Northwesterly 23 feet thereof, Lots 19 and 20, Block 2, J.N. Hauser's Addition and vacated alley between Lots 18 and 19, Hennepin County, Minnesota, subject to landscaping easement for sidewalk.

[confirm legal description]

**EXHIBIT B**

**FORM OF TIF NOTE**

UNITED STATE OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE  
CITY OF RICHFIELD

No. R-1

\$ \_\_\_\_\_

TAX INCREMENT LIMITED REVENUE NOTE  
SERIES \_\_\_\_\_

Rate

Date  
of Original Issue

3.40%

\_\_\_\_\_, 20\_\_

The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), for value received, certifies that it is indebted and hereby promises to pay to Lynk 65, LLC, a Minnesota limited liability company, or registered assigns (the “Owner”), the principal sum of \$\_\_\_\_\_ and to pay interest thereon at the rate per annum set forth above, as and to the extent set forth herein. Capitalized terms used herein that are otherwise not defined shall have the meanings provided in the Contract for Private Development, dated \_\_\_\_\_, 20\_\_ (the “Agreement”), between the Authority and the Owner.

1. Payments. Principal and interest (the “Payments”) shall be paid on August 1, 2023, and each February 1 and August 1 thereafter (each a “Payment Date”) to and including \_\_\_\_\_ 1, 20\_\_, in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon thirty (30) days’ written notice to the Authority. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated above shall accrue on the unpaid principal, commencing on the Date of Original Issue. Interest shall accrue on a simple basis and will not be added to principal. Interest shall be computed on the basis of a year of three hundred sixty (360) days and charged for actual days principal is unpaid.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, after first deducting therefrom ten percent (10%) of the Tax Increment to be used to reimburse the Authority for administrative expenses and, subject to Section 4.5 hereof. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under the Agreement. For the

First twenty years of the TIF District, the percentage of Tax Increment to be provided to the Developer and the Authority will be allocated as follows:

Years in which Tax Increment Received	Tax Increment to Developer	Tax Increment to Authority
Year 1-13 (commencing August 1, 2023 and ending February 1, 2036)	90%	10%
Year 13.5-15.0 (commencing August 1, 2036 and ending February 1, 2038)	70%	30%
Year 15.5-17 (commencing August 1, 2038 and ending February 1, 2040)	50%	50%
Year 17.5-20 (commencing August 1, 2040 and ending February 1, 2043)	43%	57%

The Authority shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the Authority to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the Authority pays principal and interest hereon to the extent of Available Tax Increment. The Authority shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the payment of Available Tax Increment from the last payment of Tax Increment the Authority is entitled to receive from the County with respect to the Development Property.

4. Optional Prepayment. The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Termination. At the Authority's option, this Note shall terminate and the Authority's obligation to make any payments under this Note shall be discharged upon the occurrence of an Event of Default on the part of the Developer, but only if the Event of Default has not been cured in accordance with Section 9.2 of the Agreement.

6. Nature of Obligation. This Note is issued to aid in financing certain public development costs and administrative costs of a Redevelopment Project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the Board of Commissioners of the Authority on November 24, 2020, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 through 469.1794, as amended. This Note is a limited obligation of the Authority which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment prepared by the Authority or its financial or municipal advisors in connection with the TIF District or the Agreement are for the benefit of the Authority, and are not intended as representations on which the Developer may rely.

THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

8. Registration. This Note is issuable only as a fully registered note without coupons.

9. Transfer. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the Authority kept for that purpose at the principal office of the City Clerk of the City of Richfield. Upon surrender for transfer of the TIF Note, including any assignment or exchange thereof, duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Executive Director, as registrar (the "Registrar"), duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, and the payment by the Owner of any tax, fee, or governmental charge required to be paid by or to the Authority with respect to such transfer or exchange, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an investment letter in a form substantially similar to the investment letter in Exhibit C attached to the Agreement or a certificate of the transferor, in a form satisfactory to the Executive Director of the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

The Owner may assign the TIF Note to a lender that provides all or part of the financing for the acquisition of the Development Property or the construction of the Minimum Improvements. The Authority hereby consents to such assignment, conditioned upon receipt of an investment letter from such lender in substantially the form attached to the Agreement as Exhibit C, or other form reasonably acceptable to the Executive Director of the Authority. The Authority also agrees that future assignments of the TIF Note may be approved by the Executive Director of the Authority without action of the Board of Commissioners of the Authority, upon the receipt of an investment letter in substantially the form of Exhibit C of the Agreement or other investment letter reasonably acceptable to the Authority from such assignees.

This Note is issued pursuant to the Resolution and is entitled to the benefits thereof, which Resolution is incorporated herein by reference.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the Authority according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota has caused this Note to be executed with the manual signatures of its Chair and Executive Director, all as of the Date of Original Issue specified above.

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

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Chair

**REGISTRATION PROVISIONS**

The ownership of the unpaid balance of the within Note is registered in the bond register of the Authority's Executive Director, in the name of the person last listed below.

Date of Registration

Registered Owner

Signature of Executive Director

Lynk 65, LLC

Federal ID # \_\_\_\_\_

## EXHIBIT C

### FORM OF DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Declaration”), is by LYNK 65, LLC, a Minnesota limited liability company (the “Developer”), in favor of the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”).

#### RECITALS:

WHEREAS, the Authority and the Developer entered into a Contract for Private Development, dated November 24, 2020 (the “Contract”); and

WHEREAS, pursuant to the Contract, the Developer will construct a multifamily housing development consisting of approximately 157 units of housing, including ten (10) affordable two-bedroom units, and approximately 8,000 square feet of retail space (the “Project”) on real property legally described in EXHIBIT A attached hereto (the “Development Property”), and to cause compliance with certain affordability covenants described in Section 4.5 of the Contract; and

WHEREAS, Section 4.5 of the Contract requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in Section 4.5 of the Contract; and

WHEREAS, the Developer intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the Development Property for the term described herein and binding upon all subsequent owners of the Development Property for the term described herein, and are not merely personal covenants of the Developer; and

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Contract unless otherwise defined herein.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Developer agrees as follows:

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 hereof will commence on the date a certificate of occupancy is received from the City of Richfield, Minnesota (the “City”) for all rental units on the Development Property (the “Rental Housing Units”). The period from commencement to termination is the “Qualified Project Period.”

(b) Termination of Declaration. This Declaration will terminate upon the date that is twenty (20) years after the commencement of the Qualified Project Period.



(c) Removal from Real Estate Records. Upon termination of this Declaration, the Authority will, upon request by the Developer or its assigns, file any document appropriate to remove this Declaration from the real estate records of Hennepin County, Minnesota.

2. Project Restrictions.

(a) the Developer represents, warrants, and covenants that:

(i) All leases of Rental Housing Units to Qualifying Tenants (as defined in Section 3(a)(i) hereof) will contain clauses, among others, wherein each individual lessee:

(1) certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(a)(ii) hereof); and

(2) agrees that the family income at the time the lease is executed will be deemed substantial and material obligation of the lessee's tenancy, that the lessee will comply promptly with all requests for income and other information relevant to determining low or moderate income status from the Developer or the Authority, and that the lessee's failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the lessee's tenancy.

(ii) Following reasonable written notice from the Authority, the Developer will permit any duly authorized representative of the Authority to inspect the books and records of the Developer pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions.

(a) Tenant Income Provisions. The Developer represents, warrants, and covenants that:

(i) Qualifying Tenants. From the commencement of the Qualified Project Period, at least ten (10) two-bedroom units of the Rental Housing Units will be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants. Qualifying Tenants means those persons and families who are determined from time to time by the Developer to have combined adjusted income that does not exceed sixty percent (60%) of the Minneapolis-St. Paul metropolitan statistical area (the "Metro Area") median income for the applicable calendar year. For purposes of this definition, the occupants of a residential unit will not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are "students," as defined in Section 151(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), not entitled to an exemption under the Code. The determination of whether an individual or family is of low or moderate income will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds one hundred forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size, the next available unit (determined in accordance with the Code and applicable regulations) (the "Next Available Unit Rule") must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Rental Housing Unit will not continue to be treated as a Qualifying Unit.

(ii) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached hereto as EXHIBIT B, or in any other form as may be approved by the Authority (the "Eligibility

Certification”), in which the prospective Qualifying Tenant certifies as to being a Qualifying Tenant. In addition, the person will be required to provide whatever other information, documents, or certifications are deemed necessary by the Authority to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof. Eligibility Certifications will be maintained on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year.

(iii) Lease. The form of lease to be utilized by the Developer in renting any Rental Housing Units to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification.

(iv) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the Authority on or before April 1 of each year, a certificate substantially in the form of EXHIBIT C hereto, executed by the Developer, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants in the Project, including the percentage of the Rental Housing Units which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the Rental Housing Units were rented or available for rental on a continuous basis during the year to members of the general public and that the Developer was not otherwise in default under this Declaration during the year.

(v) Notice of Non-Compliance. The Developer will immediately notify the Authority if at any time during the term of this Declaration the Rental Housing Units are not occupied or available for occupancy as required by the terms of this Declaration.

(b) Section 8 Housing. During the term of this Declaration, the Borrower shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders.

4. Transfer Restrictions. The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Rental Restrictions and Occupancy Restrictions provided herein (the “Transfer”) that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the Authority, all duties and obligations of the Developer under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the “Assumption Agreement”). The Developer will deliver the Assumption Agreement to the Authority prior to the Transfer.

5. Notice of Sale. In consideration of the financial assistance provided to the Developer pursuant to Article IV of the Contract, the Developer agrees to provide the Authority with at least ninety (90) days’ notice of any sale of the Project.

6. Enforcement.

(a) The Developer will permit, during normal business hours and upon reasonable written notice, any duly authorized representative of the Authority to inspect any books and records of the Developer regarding the Project with respect to the incomes of Qualifying Tenants.

(b) The Developer will submit any other information, documents or certifications requested by the Authority which the Authority deems reasonably necessary to substantial the Developer's continuing compliance with the provisions specified in this Declaration.

(c) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Declaration is to ensure compliance of the property with the housing affordability covenants set forth in Section 4.5 of the Contract, and by reason thereof, the Developer, in consideration for assistance provided by the Authority under the Contract that makes possible the construction of the Project on the Development Property, hereby agrees and consents that the Authority will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer of its obligations under this Declaration in a state court of competent jurisdiction. The Developer hereby further specifically acknowledges that the Authority cannot be adequately compensated by monetary damages in the event of any default hereunder.

(d) The Developer understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the Authority may exercise any remedy available to it under Article IX of the Contract.

7. Indemnification. The Developer hereby indemnifies, and agrees to defend and hold harmless the Authority and its members, officers, and agents from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Developer to comply with the terms of this Declaration, or on account of any representation or warranty of the Developer contained herein being untrue.

8. Agent of the Authority. The Authority will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Developer of any agency appointment by written notice.

9. Severability. The invalidity of any clause, part or provision of this Declaration will not affect the validity of the remaining portions thereof.

10. Notices. All notices to be given pursuant to this Declaration must be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to any other place as a party may from time to time designate in writing. The Developer and the Authority may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications are sent. The initial addresses for notices and other communications are as follows:

To the Authority:	Housing and Redevelopment Authority in and for the City of Richfield, Minnesota 6700 Portland Avenue South Richfield, MN 55423 Attn: Community Development Director
-------------------	---

To the Developer:       Lynk 65, LLC  
                                  1 Second Street North, Suite 102  
                                  Fargo, ND 58102  
                                  Attn: Austin Morris

11.     Governing Law. This Declaration is governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

12.     Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the Authority in connection with the action.

13.     Declaration Binding. This Declaration and the covenants contained herein will run with the real property comprising the Project and will bind the Developer and its successors and assigns and all subsequent owners of the Project or any interest therein, and the benefits will inure to the Authority and its successors and assigns for the term of this Declaration as provided in Section 1(b) hereof.

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

IN WITNESS WHEREOF, the Developer has caused this Declaration of Restrictive Covenants to be signed by its duly authorized representative as of the date and year first written above.

**LYNK 65, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF MINNESOTA       )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the \_\_\_\_\_ of LYNK 65, LLC, a Minnesota limited liability company, on behalf of the Developer.

\_\_\_\_\_  
Notary Public

This document was drafted by:  
Kennedy & Graven, Chartered (JAE)  
150 South Fifth Street, Suite 700  
Minneapolis, Minnesota 55402-1299  
Telephone: 612-337-9300

This Declaration of Restrictive Covenants is acknowledged and consented to by:

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

By \_\_\_\_\_  
Its Chair

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA       )  
  ) SS.  
COUNTY OF HENNEPIN       )

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the Authority.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA       )  
  ) SS.  
COUNTY OF HENNEPIN       )

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the Authority.

\_\_\_\_\_  
Notary Public

EXHIBIT A TO DECLARATION OF RESTRICTIVE COVENANTS

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

Lot 2, Block 2 of J N Hausers Addition, according to the plan thereof, Hennepin County, Minnesota

Lots 4, 5, 19, 20, and Lot 18 except the Northwesterly 25 feet of said Lot 18, Block 6, Lyndale Oaks Addition, plus vacated alley between Lots 18 and 19, plus one-half of vacated alley North of Lot 5 and Northeast of Lot 18, Hennepin County, Minnesota, subject to landscaping easements for sidewalk and for other utility uses

Lot 3, Block 6 of Lyndale Oaks Addition, according to the plat thereof, Hennepin County, Minnesota

Lots 2, 4, 5, 18, except the Northwesterly 23 feet thereof, Lots 19 and 20, Block 2, J.N. Hauser's Addition and vacated alley between Lots 18 ad 19, Hennepin County, Minnesota, subject to landscaping easement for sidewalk.

[confirm legal description]

EXHIBIT B TO DECLARATION OF RESTRICTIVE COVENANTS

CERTIFICATION OF TENANT ELIGIBILITY

Certification of Tenant Eligibility

(INCOME COMPUTATION AND CERTIFICATION)

Project: [Address], Richfield, Minnesota

Owner: \_\_\_\_\_

Unit Type: \_\_\_\_\_ [1 BR]      \_\_\_\_\_ [1 BR + Den]      \_\_\_\_\_ [2 BR]

1. I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons (including minors) who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

Name of Members of the Household	Relationship To Head of Household	Age	Place of Employment
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Income Computation

2. The anticipated income of all the above persons during the 12-month period beginning this date,

(a) including all wages and salaries, overtime pay, commissions, fees, tips and bonuses before payroll deductions; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; the maximum amount of public assistance available to the above persons; periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; but

(b) excluding casual, sporadic or irregular gifts; amounts which are specifically for or in reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the



government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for these types of purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments received pursuant to participation in ACTION volunteer programs, is as follows: \$\_\_\_\_\_.

3. If any of the persons described above (or whose income or contributions was included in item 2) has any savings, bonds, equity in real property or other form of capital investment, provide:

(a) the total value of all such assets owned by all such persons: \$\_\_\_\_\_;

(b) the amount of income expected to be derived from such assets in the 12 month period commencing this date: \$\_\_\_\_\_; and

(c) the amount of such income which is included in income listed in item 2: \$\_\_\_\_\_.

4. (a) Will all of the persons listed in item 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes \_\_\_\_\_

No \_\_\_\_\_

(b) Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes \_\_\_\_\_

No \_\_\_\_\_

THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGE THAT THE LEASE FOR THE UNIT TO BE OCCUPIED BY THE UNDERSIGNED WILL BE CANCELLED UPON 10 DAYS WRITTEN NOTICE IF ANY OF THE INFORMATION ABOVE IS NOT TRUE AND CORRECT.

\_\_\_\_\_  
Head of Household

\_\_\_\_\_  
Spouse

FOR COMPLETION BY OWNER  
(OR ITS MANAGER) ONLY

1. Calculation of Eligible Tenant Income:

(a) Enter amount entered for entire household in 2 above: \$\_\_\_\_\_

(b) If the amount entered in 3(a) above is greater than \$5,000, enter the greater of (i) the amount entered in 3(b) less the amount entered in 3(c) or (ii) 10% of the amount entered in 3(a):  
\$\_\_\_\_\_

(c) TOTAL ELIGIBLE INCOME (Line 1(a) plus Line 1(b)): \$\_\_\_\_\_

2. The amount entered in 1(c) is less than or equal to 60% of median income for the area in which the Project is located, as defined in the Declaration. 60% is necessary for status as a "Qualifying Tenant" under Section 3(a) of the Declaration.

3. Rent:

(a) The rent for the unit is \$\_\_\_\_\_.

(b) The amount entered in 3(a) is less than or equal to the maximum rent permitted under the Declaration.

4. Number of apartment unit assigned: \_\_\_\_\_.

5. This apartment unit was \_\_\_\_\_ was not \_\_\_\_\_ last occupied for a period of at least 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit was less than or equal to 60% of Median Income in the area.

6. Check as applicable: \_\_\_\_\_ Applicant qualifies as a Qualifying Tenant (tenants of at least \_\_\_\_\_ units must meet), or \_\_\_\_\_ Applicant otherwise qualifies to rent a unit.

THE UNDERSIGNED HEREBY CERTIFIES THAT HE/SHE HAS NO KNOWLEDGE OF ANY FACTS WHICH WOULD CAUSE HIM/HER TO BELIEVE THAT ANY OF THE INFORMATION PROVIDED BY THE TENANT MAY BE UNTRUE OR INCORRECT.

**LYNK 65, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

EXHIBIT C TO DECLARATION OF RESTRICTIVE COVENANTS

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Certificate of  
Continuing Program Compliance

Date: \_\_\_\_\_

The following information with respect to the multifamily housing development located at \_\_\_\_\_, Richfield, Minnesota (the "Project"), is being provided by Lynk 65, LLC, a limited liability company (the "Owner"), to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"), pursuant to that certain Declaration of Restrictive Covenants, dated \_\_\_\_\_, 20\_\_ (the "Declaration"), with respect to the Project:

(A) The total number of residential units which are available for occupancy is \_\_\_\_\_. The total number of these units occupied is \_\_\_\_\_.

(B) The following residential units (identified by unit number) are currently occupied by "Qualifying Tenants," as the term is defined in the Declaration (for a total of \_\_\_\_ units):

[1 BR Units]: \_\_\_\_\_

[1 BR + Den Units]: \_\_\_\_\_

[2 BR Units]: \_\_\_\_\_

(C) The following residential units which are included in (B) above, have been re-designated as units for Qualifying Tenants since \_\_\_\_\_, 20\_\_, the date on which the last "Certificate of Continuing Program Compliance" was filed with the Authority by the Owner:

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
_____	_____	_____
_____	_____	_____

(D) The following residential units are considered to be occupied by Qualifying Tenants based on the information set forth below:

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Rent
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
[etc.]							

(E) The Owner has obtained a “Certification of Tenant Eligibility,” in the form provided as EXHIBIT B to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certification of Tenant Eligibility” for each Tenant named in (D) above who signed such a Certification since \_\_\_\_\_, 20\_\_\_\_, the date on which the last “Certificate of Continuing Program Compliance” was filed with the Authority by the Owner.

(F) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and none of the units listed in (D) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least twelve (12) months.

(G) The information provided in this “Certificate of Continuing Program Compliance” is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any “Certification of Tenant Eligibility” obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(H) The Project is in continuing compliance with the Declaration.

(I) The Owner certifies that as of the date hereof at least \_\_\_\_\_ of the residential dwelling units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(J) The rental levels for each Qualifying Tenant comply with the maximum permitted under the Declaration.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on \_\_\_\_\_, 20\_\_\_\_.

**LYNK 65, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

**City of Richfield**  
**Enclave Redevelopment**  
6/29/2021

	Existing Contract for Redevelopment and Initial Proforma	Proposed Terms and 2021 Revised Proforma	Difference	% Difference
Total Development Costs	\$37,466,782	\$44,977,483	\$ 7,510,701	20.0%
Term of Assistance	17 years	20 years	3 years	
TIF Note Amount	\$5,723,074	\$6,153,162	\$430,088	
Up-Front TIF Assistance	<u>\$0</u>	<u>\$500,000</u>	<u>\$500,000</u>	
Total Value of TIF Assistance	\$5,723,074	\$6,653,162	\$930,088	16.3%
Rate on TIF Note	3.75%	3.40%	-0.35%	
PV of Amount Pooled to HRA Housing and Redevelopment Fund	\$812,421	\$915,244	\$ 102,823	12.7%
PV of Admin	\$691,716	\$785,378	\$ 93,662	13.5%



**STAFF REPORT NO. 39**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/15/2021**

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

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director  
11/9/2021

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of a resolution authorizing the transfer of funds from the Housing and Redevelopment Authority's General Fund to the Affordable Housing Trust Fund.**

**EXECUTIVE SUMMARY:**

The City created an Affordable Housing Trust Fund (Trust Fund) in 2020 to construct, preserve and rehabilitate affordable housing in the community. Since its creation, staff have been seeking revenue sources for the Trust Fund and have since identified sales proceeds from the Cedar Point II redevelopment project as a source of funding.

In 2020, the Housing and Redevelopment Authority (HRA) sold property within the Cedar Point II redevelopment area to the project developer. A portion of the sales proceeds was used to repay an assessment and an interfund loan that had accumulated due to the acquisition of property. Approximately \$908,000 remains of these sales proceeds.

The Cedar Point II redevelopment project was originally approved to include market rate apartments and affordable townhomes; however, market conditions have made it difficult to construct and sell the townhomes as affordable, so in October, the HRA agreed to allow the developer to construct the final 32 units as market rate. To compensate for this loss of an affordable homeownership opportunity, staff is recommending that the HRA transfer \$640,000 (\$20,000/unit) of the Cedar Point II sales proceeds to the Affordable Housing Trust Fund to be spent on affordable homeownership programs.

The funds would be budgeted as follows:

- \$100,000 to the New Home Program for the purchase/rehabilitation of one property by the land trust, which would serve an estimated five families over the life of the 99-year land trust lease.
- \$540,000 for down payment assistance, providing 27-36 down payment assistance loans through the existing First-time Homebuyer Program and through a new program to be created for buyers of homes in the Woodlawn Terrace Manufactured Home Park.

Both affordable homeownership programs serve households earning up to 80% of the Area Median Income (AMI); which represents a deeper affordability level than had been anticipated in the RF64 townhome project from which these funds were secured.

**RECOMMENDED ACTION:**

**By motion: Adopt a resolution authorizing the transfer of acquisition sales proceeds to the Affordable**

## **Housing Trust Fund for affordable homeownership activities.**

### **BASIS OF RECOMMENDATION:**

#### **A. HISTORICAL CONTEXT**

- The City Council created the Trust Fund in May of 2020. The Trust Fund is a tool that allows the City to create, preserve and rehabilitate affordable housing.
- Since the Trust Fund's creation, staff have been exploring various revenue sources. Special Legislation was approved by the State Legislature in June of 2021 that allows the HRA to transfer pooled tax increment collected into the Trust Fund for the development of affordable housing. Down payment assistance is not, however, an eligible use of funds through the special legislation.
- In November of 2020, the HRA sold property in the Cedar Point II redevelopment area to Cedar Point Investments for \$1.11 million, plus an additional \$780,000 to cover the cost of an assessment against the property. A portion of the proceeds was used to repay the assessment and an interfund loan for acquisition costs for the townhome portion of the project, leaving approximately \$908,000 in proceeds for the HRA to utilize.
- On October 18, 2021, the HRA approved an amendment to the Contract for Private Redevelopment with Cedar Point Investments LLC, allowing the project to continue construction and sell its townhomes at market rate. The result is a loss of 32 affordable housing units.

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

- The HRA's New Home Program and First-Time Homebuyer Programs provide homeownership opportunities for households that earn up to 80% of the AMI.

#### **C. CRITICAL TIMING ISSUES:**

- Approval of the transfer will provide funds necessary to continue the HRA's First-Time Homebuyer Program (Program). The Program has provided ten loans in 2021, and the remaining funds are expected to be spent on one additional loan by the end of November. The Program is funded primarily through Community Development Block Grant (CDBG) funds, and additional CDBG funds will not be available for the Program until July 1, 2022, which would leave the Program without funds for seven months.
- The Woodlawn Terrace Manufactured Home Park located at 7421 Lyndale Avenue, is planning to add 21 new units to the Park. The first seven units are expected to be in place and sold by July of 2022. The proposed transfer of funds to the Trust Fund will provide adequate funds to serve these buyers. Guidelines for the proposed program are expected to come before the HRA for approval in January.
- A state program providing matching funds of up to \$150,000 to local communities with Affordable Housing Trust Funds is expected to be available in January of 2022. Trust Funds must contain local funds in order to be eligible for a state grant through this program. Approving the transfer of the sales proceeds will make the City's Trust Fund an eligible applicant for the matching grant.

#### **D. FINANCIAL IMPACT:**

- \$908,000 remains of the Cedar Point II sales proceeds, providing adequate funding to cover the proposed transfer of \$640,000.

#### **E. LEGAL CONSIDERATION:**

- State Statute allows Trust Fund money to be spent on down payment assistance.

### **ALTERNATIVE RECOMMENDATION(S):**

- Decide not to transfer these funds to the City's Trust Fund.

### **PRINCIPAL PARTIES EXPECTED AT MEETING:**

NA

### **ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter



## **HRA RESOLUTION NO.**

### **RESOLUTION AUTHORIZING THE TRANSFER OF SALES PROCEEDS TO THE AFFORDABLE HOUSING TRUST FUND**

**WHEREAS**, The City of Richfield created an Affordable Housing Trust Fund, pursuant to Minnesota Statutes Section 462C.16, on May 26, 2020, to promote the development of additional affordable housing within the City, the development and preservation of affordable housing in the community, and assist individuals with rental and down payment assistance; and

**WHEREAS**, the Housing and Redevelopment Authority (HRA) sold property located within the Cedar Point II redevelopment area in November of 2020 and collected sales proceeds as a result of the sale; and

**WHEREAS**, the sales proceeds were deposited in the HRA General Fund; and

**WHEREAS**, the HRA had several financial obligations relating to the purchase of property for the Cedar Point II redevelopment project that were met with a portion of the sales proceeds; and

**WHEREAS**, having met those financial obligations, sales proceeds remain to be spent on HRA-approved activities; and

**WHEREAS**, the HRA desires to promote affordable home ownership through its New Home Program and by providing down payment assistance to low and moderate income buyers.

### **NOW, THEREFORE, BE IT RESOLVED**

1. The Housing and Redevelopment Authority authorizes the transfer of \$640,000 in sales proceeds from the Cedar Point II redevelopment project area from the HRA General Fund to the City's Affordable Housing Trust Fund for affordable homeownership opportunities.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of November, 2021.

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Mary B. Supple, Chair

ATTEST:

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Maria Regan Gonzalez, Secretary



**STAFF REPORT NO. 40**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/15/2021**

REPORT PREPARED BY: Kate Aitchison, Housing Specialist  
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director  
11/10/2021

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the adoption of a resolution authorizing the purchase of 6326 14th Avenue South for future development as a single-family home under the Richfield Rediscovered Program.**

**EXECUTIVE SUMMARY:**

In September, the family of the owner of 6326 14th Avenue South reached out to staff and expressed an interest in selling their home to the Richfield Housing and Redevelopment Authority (HRA). The house is 625 square feet and was built in 1947. It is a one story home, with one legal bedroom plus one non-conforming bedroom, one bathroom, and an unfinished basement. There is no garage or driveway on the property. The house was inspected and meets the substandard requirements for acquisition and demolition under state statute for the use of Tax Increment Financing. A sale price of \$155,000 was agreed upon with the seller.

The home will be purchased for eventual demolition and sale through the Richfield Rediscovered Program (Program). The goal of the Program is to provide opportunities for the construction of new, market-rate single-family homes in Richfield. The new units built through this Program provide updated, modern housing options for the community, and increase the tax value of the previously underutilized properties.

With increasing sale prices in the Richfield housing market, fewer opportunities have become available for the HRA to acquire property for this Program. While this acquisition has a higher price, staff anticipates a higher appraised value for the vacant property when sold through the Program in the spring of 2022. In the recent Richfield Rediscovered acquisitions, subsidies have ranged from \$54,000-\$68,000 per lot.

The Richfield Rediscovered Program continues to be popular, with nearly 300 people signed up to receive notifications and updates on the Program. The Program offers a singular opportunity for infill-new construction within the City of Richfield and has seen 148 homes built since 1990.

**RECOMMENDED ACTION:**

**By motion: Adopt the resolution authorizing the purchase of 6326 14th Avenue South for new construction of a single-family home under the Richfield Rediscovered Program.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- In September 2021, a family member of the owner of 6326 14th Avenue South contacted Richfield staff inquiring about the possibility of the City purchasing the family home. The owner was going to be moving out-of-state and had previously received letters from the HRA indicating their interest in purchasing homes similar to the one she owned.
- A substandard inspection of the home was completed, which identified a variety of code,

environmental, and structural deficiencies qualifying the structure as substandard.

- Staff ordered an appraisal, reviewed other sales and subsidies, and worked with the homeowner and her family to find an agreed upon price of \$155,000.
- Constructed in 1947, the one-story home has 625 finished square feet with an unfinished basement. It has two bedrooms, along with one bathroom. The property has no garage or driveway. It is a 75-foot wide property with mature trees.

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

- The Richfield 2040 Comprehensive Plan states as a goal: "Provide a full range of housing choices that meet residents' needs at every stage of their lives, and ensure a healthy balance of housing types that meet the needs of a diverse population with diverse needs."
- Through the Richfield Rediscovered Program, the HRA purchases and removes substandard and functionally obsolete housing and replaces it with newer, higher valued homes with square footages and design features sought after by current buyers.
  - In efforts to reach the goals of the Comprehensive Plan, the following policies are promoted through the Program:
    - Encourages the creation of "move up" housing through new construction and home remodeling.
    - Promotes the development of a balanced housing stock that is available to a range of income levels.
- Richfield's Inclusionary Affordable Housing Policy applies to the construction of new single-family homes (as developed under Richfield Rediscovered Program or the New Home Program), by guiding it as follows:
  - "With regards to "scattered-site single family housing development," at least 20% of the units newly constructed or rehabilitated and converted to long-term affordability in any three-year period must meet the proscribed affordability requirements."
    - With the addition of 6326 14th Avenue South into the Richfield Rediscovered portfolio, staff anticipates that over the time period of 2020-2022, 27% of new/substantially rehabilitated units will meet the affordability requirements outlined in the Inclusionary Affordable Housing Policy. In 2022 alone, it is anticipated that two of the four anticipated units newly constructed or substantially rehabilitated will meet affordability requirements as outlined in the policy.

**C. CRITICAL TIMING ISSUES:**

- The seller is moving out-of-state this month and is eager to close on the sale of her home.
- Under the terms of the purchase agreement, closing would occur by January 1, 2022.
- If acquired for the Richfield Rediscovered Program, the property would be marketed in the spring to builders and potential buyers for the construction of a new home.

**D. FINANCIAL IMPACT:**

- The home was appraised on October 27, 2021. The appraised value of the property was \$175,000.
- Staff reviewed sales and acquisition data, and made an offer based on taxable market value, which was \$153,000.
- Staff spoke with the homeowner and her family members, and a price of \$155,000 was agreed upon. A purchase agreement has been signed.
- A \$2,000 escrow has been agreed upon to help cover the cost of the removal of an exterior, underground oil tank. Any unspent funds will be returned to the seller within 90 days.
- If sold through the Richfield Rediscovered Program, staff anticipates a sale price of the lot for around \$75,000. The property would be sold as-is, with the buyer assuming the responsibility for demolition.
- Funds for this acquisition are available in the Housing and Redevelopment Fund.

**E. LEGAL CONSIDERATION:**

- The purchase agreement was reviewed by legal counsel.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve a resolution authorizing the acquisition of 6326 14th Avenue South.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Russell Tibbetts, representative of the owner, Angeline Tibbetts.

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter
□ Purchase Agreement	Contract/Agreement
□ Photo - 6326 14th Ave	Backup Material
□ Photo2 - 6326 14th	Backup Material

**HRA RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY  
LOCATED AT 6326 14TH AVENUE SOUTH**

**WHEREAS**, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (“the HRA”) desires to purchase certain real property pursuant to and in furtherance of the Richfield Rediscovered Program, said property being described as:

6326 14<sup>th</sup> Avenue South

Legal: Lot 5, Block 2, “Rich Highlands” Hennepin County, Minnesota.

**WHEREAS**, the HRA is authorized by Minnesota Statutes Section 469.012 to acquire real property within its area of operation; and

**WHEREAS**, Housing and Redevelopment Fund money is available for acquisition purposes.

**NOW THEREFORE, BE IT RESOLVED**, by the Housing and Redevelopment Authority in and for the City of Richfield:

1. The purchase price for the property is approved at \$155,000 plus closing costs, not to exceed \$159,000.
2. The Chairperson and Executive Director are authorized to execute a Purchase Agreement and to take other actions necessary to purchase the property for the amount set forth in this Resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota on this 15th day of November, 2021.

\_\_\_\_\_  
Mary B. Supple, Chair

**ATTEST:**

\_\_\_\_\_  
Maria Regan Gonzalez, Secretary

## PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement") is made as of this day of \_\_\_\_\_, 20\_\_, by and between Angeline Tibbetts, an individual who is not married ("Seller") and 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 ("Buyer").

### RECITALS

Seller is the owner of property located at 6326 14<sup>th</sup> Avenue South, Richfield, Minnesota, which is legally described on the attached Exhibit A ("Property").

The Property includes all plants, shrubs and trees, storm windows and/or inserts, storm doors, screens, awnings, window shades, blinds, curtain-traverse-drapery rods, attached lighting fixtures with bulbs, plumbing fixtures, water heater, heating system, humidifier, central air conditioning, electronic air filter, automatic garage door opener with controls, water softener, cable television outlets and cabling, and built-ins, including dishwasher, garbage disposal, trash compactor, oven(s), cook top stove, microwave oven, hood-fan, intercom and installed carpeting located on the premises which are the property of Seller. The property also includes the following personal property: NONE. Seller is responsible for removal of all personal property. Seller may remove the following items, provided Seller does not cause any unnecessary damage to the Property:

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### AGREEMENT

1. **Offer/Acceptance for Sale of Property.** The Seller agrees to sell to Buyer the Property and Buyer agrees to purchase the same, according to the terms of this Agreement.

2. **Purchase Price for Property and Terms.**

A. **PURCHASE PRICE:** The total purchase price for the Property is One hundred and fifty-five thousand and 00/100ths Dollars (\$155,000) (the "Purchase Price").

B. **TERMS:**

(1): **EARNEST MONEY.** No earnest money shall be required.

(2): **BALANCE DUE SELLER.** Buyer agrees to pay by check or electronic transfer of funds on the date of closing on the Property (the "Closing Date")—the Purchase Price due to Seller according to the terms of this Agreement.

(3): DEED/MARKETABLE TITLE. Subject to performance by Buyer, Seller agrees to execute and deliver a Warranty Deed or Personal Representative's Deed conveying marketable title to the Property to Buyer, subject only to the following exceptions:

- a. Building and zoning laws, ordinances, state and federal regulations.
- b. Reservation of minerals or mineral rights to the State of Minnesota, if any.
- c. Public utility and drainage easements of record which will not interfere with Buyer's intended use of the Property.

(4): DOCUMENTS TO BE DELIVERED AT CLOSING BY SELLER. In addition to the Warranty Deed required at paragraph 2B(3) above, Seller shall deliver to Buyer:

- a. Standard form Affidavit of Seller.
- b. A "bring-down" certificate, certifying that all of the warranties made by Seller in this Agreement remain true as of the Closing Date.
- c. Certificate that Seller is not a foreign national.
- d. If an environmental investigation by or on behalf of Buyer discloses the existence of petroleum product or other pollutant, contaminant or other hazardous substance on the Property, either (i) a closure letter from the Minnesota Pollution Control Agency (MPCA) or other appropriate regulatory authority that remediation has been completed to the satisfaction of the MPCA or other authority; or (ii) Agreement for remediation/indemnification and security as Buyer may require.
- e. Well disclosure certification as required pursuant to Paragraph 9 (g) of this Agreement.

If Seller is unaware of the location of a well and there is a building permit issued for the Property prior to installation of a City water system, Buyer agrees to have a licensed well contractor examine the Property for purposes of locating a well.

Buyer agrees to have all wells located on the Property, which are not in use, sealed by a licensed well contractor at Buyer's expense.

- f. Any other documents reasonably required by Buyer's title insurance company or attorney to evidence that title to the Property is

marketable and that Seller has complied with the terms of this Agreement.

3. **Contingencies.** Buyer's obligation to buy is contingent upon the following:

- a. Buyer's determination of marketable title pursuant to paragraph 4 of this Agreement;
- b. Buyer's determination, in its sole discretion, that the results of any environmental investigation of the Property conducted pursuant to this Agreement are satisfactory to Buyer;
- c. Approval of this Agreement by Buyer's Board.

Buyer shall have until the Closing Date to remove the foregoing contingencies. The contingencies set forth in a., and b. above are solely for the benefit of Buyer and may be waived by Buyer. The contingency at c. may not be waived by either party. If Buyer or its attorney gives written notice to Seller that the contingencies at a., b., and c. are duly satisfied or waived, Buyer and Seller shall proceed to close the transaction as contemplated herein.

If one or more of Buyer's or Seller's contingencies is not satisfied, or is not satisfied on time, and is not waived, this Agreement shall thereupon be void at the written option of Buyer and Buyer and Seller shall execute and deliver to each other a termination of this Agreement. As a contingent agreement, the termination of this Agreement is not required pursuant to Minnesota Statutes, Section 559.21, et. seq.

4. **Title Examination/Curing Title Defects.** As soon as reasonably possible after execution of this Agreement by both parties,

(a) Seller shall surrender any abstract of title and a copy of any owner's title insurance policy for the property, if in Seller's possession or control, to Buyer or to Buyer's designated title service provider; and

(b) Buyer shall obtain the title evidence determined necessary or desirable by Buyer.

The Buyer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The Seller shall have 90 days from the date of such objection to affect a cure; provided, however, that Seller shall have no obligation to cure any objections, and may inform Buyer of such. The Buyer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

5. **Environmental Investigation.** The Seller warrants that the Property has not been used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product during the period of time Seller has owned the Property.



The Seller further warrants that Seller has no knowledge or information of any fact which would indicate the Property was used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product prior to the date Seller purchased the Property. Notwithstanding the above, Seller's warranty regarding petroleum products does not preclude the presence of heating oil or other similar products used as a heating fuel for the dwelling but Seller does warrant that if there was a fuel tank on the Property used for the storage of heating oil or other similar product, Seller has no knowledge of any leak in the tank or contamination caused thereby.

6. **Real Estate Taxes and Special Assessments.** Real estate taxes payable in the year of closing will be pro-rated between Buyer and Seller to the Closing Date. Seller shall pay all real estate taxes payable in previous years, the entire unpaid balance of special assessments, and all installments of special assessments levied and pending, including special assessments installments payable after the year of closing. Seller also agrees to pay all assessments related to service charges furnished to the Property prior to the Closing Date (e.g., delinquent water or sewer bills, removed or diseased trees), including those charges levied, pending, or certified to taxes payable in the year of closing. If closing occurs prior to the date the amount of real estate taxes due in the year of closing are available from Hennepin County, the current year's taxes will be pro-rated based on the amount due in the prior year.

7. **Closing Date.** The Closing Date will be on or before January 1, 2022. Delivery of all papers and the closing shall be made at the offices of Buyer, 6700 Portland Avenue South, Richfield, Minnesota 55423, or at such other location as is mutually agreed upon by the parties. All deliveries and notices to Buyer shall be made to the above address and marked to the attention of Housing Specialists Kate Aitchison and Celeste McDermott.

8. **Possession/Utilities/Removal of Property/Escrow.**

(a) **Possession.** The Seller agrees to deliver possession not later than the Closing Date.

(b) **Utilities.** City water and sewer charges, electricity and natural gas charges, fuel oil and liquid petroleum gas shall be pro-rated between the parties as of the Closing Date. Seller shall arrange for final readings as of the Closing Date.

(c) **Personal Property.** The Seller agrees to remove all debris and all personal property not included herein from the Property before the possession date. Personal property not so removed shall be deemed forfeited to and shall become the property of Buyer. The Buyer may inspect the Property immediately prior to closing and deduct from the purchase price payable at closing an amount reasonably necessary to pay for the cost of removal of any debris or personal property then remaining on the Property. The provisions of this paragraph shall not merge with the deed and shall survive closing on the property.

(d) **Escrow.** Seller agrees that, at closing, Buyer shall withhold Two Thousand Dollars (\$2,000.00) from the purchase price for the Property and deposit such funds into an escrow account. The funds in the escrow account shall be expended by Buyer solely for payment of personal property removal, disposal charges, utility charges, and charges associated with the

removal and abatement of the exterior oil tank on the Property. The escrowed amount, less deductions provided for in this paragraph 8(d), will be delivered to Seller no later than 90 days following the Closing Date. The escrowed amount shall be held by Kennedy & Graven, Chartered, as Escrow Agent, pursuant to the terms of the Escrow Agreement attached here as Exhibit C.

(e) **Amounts Due.** The Buyer's ability to deduct amounts due under this paragraph from the retained escrow is not exclusive but is in addition to Buyer's rights at law and equity to collect such amounts from Seller. The Seller is responsible for the amounts due under this paragraph even if: (i) Buyer neglects to deduct the amount from escrow; or (ii) the escrowed amount is insufficient to pay all amounts due under this paragraph 8.

9. **Seller Warranties.**

(a) **Sewer and Water.** Seller warrants that the Property is connected to City sewer and City water.

(b) **Mechanics' Liens.** Seller warrants that, prior to the Closing Date, Seller shall pay in full all amounts due for labor, materials, machinery, fixtures or tools furnished within the 120 days immediately preceding the Closing Date in connection with construction, alteration or repair of any structure upon or improvement to the Property.

(c) **Notices.** Seller warrants that it has not received any notice from any governmental authority as to violation of any law, ordinance or regulation in connection with the Property.

(d) **Tenants.** Seller warrants that the Property is not now occupied by tenants and was not occupied by tenants at the time Seller first received Buyer's written offer to purchase the Property.

(e) **Broker Commission.** Each party represents to the other that it has not utilized the services of any real estate broker or agent in connection with this Agreement or the transaction contemplated by this Agreement. Each party agrees to indemnify, defend, and hold harmless the other party against and in respect of any such obligation and liability based in any way upon agreements, arrangements, or understandings made or claimed to have been made by the party with any third person.

(f) **Structures.** The Seller warrants that the buildings, if any, are entirely within the boundary lines of the Property. The parties acknowledge that the Property is being sold in "as is" condition relating to the structural, operational, and mechanical systems.

(g) **Well Disclosure.**

- ☐ The Seller certifies that the Seller does not know of any wells on the described real property.
- ☐ A well disclosure certificate accompanies this document.

X I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

(h) **Methamphetamine Disclosure.** To the best of Seller's knowledge, methamphetamine production has not occurred on the property.

10. **Closing Costs/Recording Fees/Deed Tax.** The Buyer will pay: (a) the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement; (b) fees for title evidence obtained by Buyer; and (c) the recording fee for the deed transferring title to Buyer. Seller will pay all other fees normally paid by sellers, including (a) any transfer taxes, recording fees and Well Disclosure fees required to enable Buyer to record its deed from Seller under this Agreement, and (b) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees.

11. **Inspections.** From the date of this Agreement to the Closing Date, Buyer, its employees and agents, shall be entitled to enter upon the Property to conduct such surveying, inspections, investigations, soil borings and testing, and drilling, monitoring, sampling and testing of groundwater monitoring wells, as Buyer shall elect; provided, that Seller is given at least 24 hours' notice.

12. **Risk of Loss.** If there is any loss or damage to the Property between the date hereof and the Closing Date, for any reason including fire, vandalism, flood, earthquake or act of God, the risk of loss shall be on Seller. If the Property is destroyed or substantially damaged before the closing date, this Agreement shall become null and void, at Buyer's option. At the request of Buyer, Seller agrees to sign a cancellation of Agreement.

13. **Default/Remedies.** If Buyer defaults in any of the covenants herein, Seller may terminate this Agreement, and on such termination all payments made hereunder shall be retained by Seller as liquidated damages, time being of the essence. This provision shall not deprive either party of the right to enforce specific performance of this Agreement, provided this Agreement has not terminated and action to enforce specific performance is commenced within six months after such right of action arises. In the event Buyer defaults in its performance of the terms of this Agreement and Notice of Cancellation is served upon Buyer pursuant to Minn. Stat. Section 559.21, the termination period shall be thirty (30) days as permitted by Minn. Stat., Section 559.21, Subd. 4.

14. **Notice.** Any notice, demand, request or other communication which may or shall be given or served by the parties, shall be deemed to have been given or served on the date the same is personally served upon one of the following indicated recipients for notices or is deposited in the United States Mail, registered or certified, return receipt requested, postage prepaid and addressed as follows:

SELLER: Angeline Tibbetts  
6326 14<sup>th</sup> Avenue South  
Richfield, MN 55423

BUYER: Housing and Redevelopment Authority of the City of Richfield  
Attn: Housing Specialists  
6700 Portland Avenue South  
Richfield, MN 55423

AGENT: Kennedy & Graven, Chartered  
ATTN: Julie Eddington and  
Teresa Reichert  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402

15. **Entire Agreement.** This Agreement, Exhibits, and other amendments signed by the parties, shall constitute the entire Agreement between Seller and Buyer and supersedes any other written or oral agreements between the parties relating to the Property. This Agreement can be modified only in a writing properly signed on behalf of Seller and Buyer; except that the Closing Date may be extended up to 6 months by written agreement of the Seller and Buyer without further approval by Buyer's Board. Buyer's staff is hereby authorized to execute agreements to extend the Closing Date up to 6 months from the Closing Date at paragraph 7 above.

16. **Survival.** Notwithstanding any other provisions of law or court decision to the contrary, the provisions of this Agreement shall survive closing.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date and year above.

Buyer:  
Housing and Redevelopment Authority of the  
City of Richfield

Seller:

By: \_\_\_\_\_  
Its Chair

\_\_\_\_\_

\_\_\_\_\_

And by: \_\_\_\_\_  
Its Executive Director

## **EXHIBIT A**

### Legal Description of Property

Lot 5, Block 2, "Rich Highlands," Hennepin County, Minnesota

## **EXHIBIT B**

### Escrow Agreement

THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ (“Seller”), the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, a Minnesota municipal corporation (“Buyer”), and KENNEDY & GRAVEN, CHARTERED (“Escrow Agent” or “Agent”).

### **RECITALS**

- A. Seller and Buyer have entered into a Purchase Agreement dated \_\_\_\_\_, 20\_\_ (“Purchase Agreement”) for the sale of property located at \_\_\_\_\_, Richfield, Minnesota and legally described on the attached Exhibit One (the (“Property”).
- B. The parties desire to close the sale of the Property on \_\_\_\_\_.

### AGREEMENT

The parties agree as follows:

1. Delivery of Possession. Seller shall deliver possession of the Property to Buyer in accordance with the Purchase Agreement entered into by the parties. The Purchase Agreement requires Seller to pay all utilities, remove all personal property from the Property, and remove and abate the existing oil tank upon closing.
2. Escrow. (a) Upon closing and execution of this Agreement, Seller agrees to deposit into escrow the sum of \$2,000.00 (the “Escrowed Funds”) from the purchase price, to be held by Agent in a non-interest bearing account.  
  
(b) Within 14 days after requested by Agent, Buyer shall provide to Agent (with copy to Seller) evidence of expenses incurred for the removal and disposal of personal property, for payment of utility charges for services provided to the Property prior to date of possession, and for expenses related to the removal and abatement of the exterior oil tank, if any. Agent shall reimburse Buyer for the incurred expenses from the Escrowed Funds within 7 days following receipt of such evidence from Buyer.

(c) Agent shall deliver to Seller the balance of the Escrowed Funds on deposit, less deductions provided for in paragraph 2(b) above, no later than 90 days following vacation of the Property by Seller.

(d) The sole duties of Agent shall be those described herein, and Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Agent shall have no duty or liability to verify any amounts deducted from the retained amount and Agent's sole responsibility shall be to act expressly as set forth in this Escrow Agreement.

3. Escrow Agent Liability. The sole duties of Escrow Agent shall be those described herein, and Escrow Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Escrow Agent may conclusively rely upon and shall be protected in acting on any notice believed by it to be genuine and to have been signed or presented by the proper party or parties, consistent with reasonable due diligence on Escrow Agent's part. Escrow Agent shall have no duty or liability to verify any such notice, and its sole responsibility shall be to act expressly as set forth in this Escrow Agreement.

Seller and Buyer understand that Agent is legal counsel to Buyer and each consents to Agent's serving as Escrow Agent notwithstanding such representation. In the event Agent determines, in its sole discretion, that it cannot continue to serve as Escrow Agent herein, Agent shall deposit the funds with Old Republic National Title Insurance Company or such other Escrow Agent acceptable to Seller and Buyer. Seller consents to Agent's continued representation of Buyer after a deposit is made, and Buyer agrees to pay all escrow fees charged by the substitute Escrow Agent.

4. Notices to be sent to the parties to this Agreement shall be sent by mail or personal delivery to:

SELLER: Angeline Tibbetts  
6326 14th Avenue  
Richfield, MN 55423

BUYER: Housing and Redevelopment Authority  
in and for the City of Richfield  
Attn: Housing  
Specialists  
Richfield City Hall  
6700 Portland Avenue South



Richfield, MN 55423

AGENT:

Kennedy & Graven, Chartered  
ATTN: Julie Eddington and  
Teresa Reichert  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402

IN WITNESS WHEREOF, the parties have executed this agreement as of the date written above.

**SELLER:**

**BUYER:**

HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE  
CITY OF RICHFIELD

\_\_\_\_\_

By: \_\_\_\_\_  
Its Chair

\_\_\_\_\_

And by: \_\_\_\_\_  
Its Executive Director

ESCROW AGENT:  
KENNEDY & GRAVEN, CHARTERED

By: \_\_\_\_\_

Exhibit One  
Legal Description of Property

Lot 5, Block 2, "Rich Highlands," Hennepin County, Minnesota







