



**SPECIAL CONCURRENT CITY COUNCIL AND HOUSING AND REDEVELOPMENT
AUTHORITY WORKSESSION
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM
MARCH 20, 2017
6:00 PM**

Call to order

1. Discussion regarding the formation of an Economic Development Authority (Council Memo No. 28/HRA Memo No. 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.

CITY OF RICHFIELD, MINNESOTA
Office of City Manager

March 16, 2017

Council Memorandum No. 28

The Honorable Mayor
And
Members of the City Council

HRA Memorandum No. 8
Housing and Redevelopment
Authority Commissioners
City of Richfield

Subject: Consideration of Forming an Economic Development Authority

Council Members:

As part of its 2016 goalsetting process, the City Council directed staff to “Explore other funding sources to expand Kids @ Home program [and other Community Development programs].” In the Proposed 2017 Budget presented to the City Council and HRA in August 2016, staff recommended a “stopgap” funding approach for Kids @ Home and for the Transformation Home Loans programs, but noted that we would be researching the establishment of an Economic Development Authority (EDA) as a way to better fund and manage these programs as well as more traditional economic development activities.

Since that time, staff has learned more about the formation, operations, and powers of an EDA and has, with the help of HRA legal counsel Julie Eddington (of Kennedy & Graven) and City/HRA financial advisor Rebecca Kurtz (of Ehlers, Inc.), put together a relevant “Q&A” document (attached).

Staff is recommending this as a topic for further City Council and HRA discussion and has scheduled a Special Joint Work Session of the City Council and Richfield HRA on Monday, March 20 at 6:00 p.m.

Respectfully submitted,



Steven L. Devich
City Manager

SLD:jcs
Email: Assistant City Manager
Department Directors

Attachments

City of Richfield

Economic Development Authority Q&A

What is an EDA?

- An EDA is an Economic Development Authority
- Legally authorized by Minnesota Statutes 469.09 through 469.108
- Any municipal body can have an EDA (regardless of whether they have any other type of development authority – such as an HRA)

How does an EDA differ from an HRA?

- See attached chart

What cities have multiple development authorities?

- Woodbury (EDA & HRA)
- St. Louis Park (EDA & HRA)
- Bloomington (Port Authority and an HRA)
- St. Paul (Port Authority and an HRA)
- Belle Plaine (EDA & HRA)
- White Bear Lake (Port Authority and an HRA)
- Minneapolis has Port Authority powers that may be utilized by the City Council and the MCDA
- Columbia Heights (EDA & HRA)
- South St. Paul (EDA & HRA)
- Coon Rapids (EDA & HRA)

Why would Richfield want an EDA in addition to our HRA?

- To provide a consistent funding source for activities that we are already doing which are EDA eligible (e.g. Transformation Home Loans)
- To fund other existing City/HRA programs in order to free up City/HRA funding for Kids @ Home
- To fund existing “economic development” activities
- To provide a funding source for new activities designed to assist the local business community

When (and how) would we consider adding the EDA authority?

- In order to establish an EDA the City Council must adopt an Enabling Resolution.
- Staff is recommending that these actions be taken in May (to coincide with staff budget preparation) and become effective on January 1, 2018.

Who would serve on the EDA Board?

- Either the City Council or HRA could also serve as the board of commissioners for an EDA
- A separately appointed body could also serve, but staff would advise against that

Do they have to have separate meetings? How frequent?

- Yes, even if the membership of the EDA were coincidental to the membership of the City Council or HRA, they would still need to conduct a separate meeting.
- At this point, staff would recommend a monthly meeting added onto the end of either the HRA or City Council meeting. It is possible, especially in the early days of this body, the agenda might be very brief.

How much could a Richfield EDA levy?

Based on the preliminary Pay 2017 market value for the City of Richfield, an EDA levy could generate up to \$561,017 annually.

What would this mean in terms of financial impact on an average Richfield household?

A typical Richfield single family home with a value of \$175 - \$200,000 would be taxed 28 to 33 cents per year (see attached memo from Rebecca Kurtz of Ehlers Associates, Inc.)

What can an EDA fund?

- Loans for Economic Development
- Provide Seed or Venture Capital for the establishment or growth of private businesses
- Advance funds for Development and Redevelopment
- Studies for Economic Development
- Housing and Housing Loans

What (specifically) would an EDA in Richfield fund?

- The precise amounts of each of these items would be presented this summer as part of the normal City budget process

Existing Programs

- Transformation Home Loans
- Open to Business (including marketing)
- Dues/participation in the Chamber of Commerce and EDAM
- Staffing for all of the above (at 10-15% of project/program costs)

New Initiatives

- Business Façade Improvement Loan/Grant
- Apartment Remodeling Grant (requiring tenant preservation)

Other Potential Uses

- Staff and legal/financial consultants are continuing to explore whether an EDA could directly fund Kids @ Home, the existing Bike Rack Cost-Share Program and a Public Arts Fund



Memo

To: John Stark, City of Richfield
From: Rebecca Kurtz, Ehlers
Date: March 15, 2017
Subject: Estimated EDA Levy Impact

Following up to our discussion, an EDA may have its City levy a tax up to 0.01813% of estimated market value for the benefit of the EDA. The City may increase this levy by following the "reverse referendum" procedure specified in the Statute. Based on the preliminary Pay 2017 market value for the City of Richfield, an EDA levy could generate up to \$561,017 annually.

The estimated annual tax impact of the maximum levy follows:

TAX IMPACT ANALYSIS		
Type of Property	Estimated Market Value	Proposed City Tax
Residential Homestead	\$ 75,000	\$ 0.08
	100,000	0.13
	125,000	0.18
	150,000	0.23
	175,000	0.28
	200,000	0.33
	225,000	0.38
	250,000	0.43
	300,000	0.53
	400,000	0.72
Commercial/Industrial	\$ 100,000	\$ 0.27
	200,000	0.59
	300,000	0.95
	400,000	1.31
	500,000	1.68
	1,000,000	3.49
Apartments (4 or more units)	\$ 200,000	\$ 0.45
	500,000	1.13
	1,000,000	2.27

The money obtained from the levy could be used for any purpose for which the City's general fund moneys could be used. A chart summarizing EDA and HRA governance and powers is attached.

Please do not hesitate to contact me if you have questions.



Economic Development Authorities (EDAs)			Housing and Redevelopment Authorities (HRAs)	
Subject		Statute	Statute	
Nature of Entity:	A public body, corporate and political; a political subdivision of the State.	469.091 (2)	A public body, corporate and political; a political subdivision of the State.	469.003 (1)
How Established:	Enabling Resolution of the City Council after public hearing	469.091 & 469.093	By resolution of the City Council. Resolution must be filed with DEED	469.003
Liability:	Officers and employees not liable for contracts, torts not committed or authorized by them, or discretionary actions, subject to Chapter 466.	469.1081	Officers and employees not liable for contracts, torts not committed or authorized by them, or discretionary actions, subject to Chapter 466.	469.014
Budgets & Accounting:	Must send budget to City annually; Must maintain financials consistent with City system and file with City annually; State Auditor may do legal compliance audits.	469.100	Must keep accurate financial records and submit annually to Commissioner of the Dept. of Employment and Economic Development, State Auditor and City; State Auditor audits public housing and may perform legal compliance audits.	469.013
Governance				
City Council Controls:	Must establish the authority	469.091(1)	Activates authority	469.003(1)
	Imposes Enabling Resolution restrictions	469.092(1)	Approves mayoral appointment of Commissioners	469.003(6)
	Receives annual report on Enabling Resolution	469.092(3)	Determines if Council Commissioner term is coterminous with Council term	469.003(6)
	Divides responsibility for powers and projects	469.094	Removes Commissioners for cause	469.010
	Approves mayoral appointment of Commissioners	469.095(1)	Approves Federal Section 8 program	469.012(2h)
	Establishes Commissioner's compensation	469.095(4)	Approves public housing	469.016
	Removes commissioners for cause	469.095(5)	Approves redevelopment plans and modifications	469.028(1) 469.029(6)

	Determines if Council Commissioner term is coterminous with Council term	469.095(2)	Approves acquisition before adoption of redevelopment plan	469.028(5)
	Approves issuance of City general obligations	469.102(1)	Approves tax levy for HRA purposes – cannot exceed 0.0185% of EMV	469.033(6)
	Levies tax for EDA purposes – cannot exceed 0.01813% of EMV without reverse referendum	469.107		
Number of Commissioners:	3, 5, 7; more if Council members are Commissioners and Council is larger.	469.095(2)	Up to 7; must be residents of the area of operation of the HRA	469.003(5)
Council Members as Commissioners:	Mandatory 1 if 3- member authority; 2 if 5 or 7 members; can be all if provided in enabling resolution	469.095 (2)	Not mandatory, but permissive	469.003 (6)
Commissioner Terms:	6 years, unless Council Commissioner term is coterminous with Council term	469.095 (2)	5 years and Council Commissioner term coterminous only if Council so determines	469.00 (6)
Officers:	President, Vice-President, Treasurer, Secretary and Assistant Treasurer; May combine, but not President and Vice-President; Secretary and Assistant Treasurer need not be Commissioners	469.09b (2)	Chairperson and Secretary	469.011
Treasurer's Bond:	Twice the amount of money likely to have on hand, not to <i>exceed</i> \$300,000	469.096(6)	Not required	
Conflict of Interest: Commissioner & Employee:	No financial interest in a project. No financial interest in any contract which authorized to take part in making.	469.098 & 471.87	No financial interest in any contract which authorized to take part in making. Exceptions for Commissioners who request rehab loans from HRA.	469.009 & 471.87 & 471.88

Commissioner Compensation:	Meeting per diem in an amount determined by City Council; Expenses reimbursed.	469.095(4)	Meeting per diem of \$75.00. No compensation if (1) a full-time State or local government employee or (2) elected official receiving another per diem for that day; Expenses reimbursed.	469.011(4)
Powers				
Create Project Areas:	“Economic development districts” if the Authority makes the tax increment financing “redevelopment district” findings.	469.101; 469.174 (10)	“Redevelopment projects” if Authority makes findings of “blight”.	469.028
Buy and Sell Property:	Subject to public hearing on sale and taxpayer appeal.	469.101(2) & 469.105	Subject to public hearing on sale. Must take fair market value into consideration in determining price except for 1(vacant, open or undeveloped land or vacated substandard dwellings and 2) land in excess of the HRA’s foreseeable needs.	469.012 (1e) (1g) 469.029
Contract with Other Governmental Entities:	Yes	469.101 (5)	Yes	469.012 (1e)
Act as a Limited Partner:	Yes	469.101 (6)	Yes	469.012(2j)
Accept Gifts:	Yes	469.101(2),(9)	Yes	469.012(1g)
Apply for Foreign Trade Zone Status:	Yes	469.101 (11)	No	
Mix & Match EDA /HRA Powers:	May use HRA and EDA powers for purposes set forth in 469.152-165.	469.101 (12)	No	
Own and Operate Public Facilities:	Yes	469.101 (13)	Yes, but only public parking facilities.	460.012 (12)
Act as Agent for other governmental entities:	Yes	469.101 (14)	Yes	469.012 (1l)
Carry Out Studies:	Yes, for economic development.	469.101 (15)	Yes, for housing and redevelopment.	469.012 (1t)

Issue General Obligation Bonds of the City:	With City approval	469.102	For certain HRA-owned housing projects, with City approval.	469.034 (2)
Issue Revenue Bonds:	Yes	469.103	Yes	469.034 (1) & 469.184(7)
Issue Bond Anticipation Notes:	Yes	469.101 (19)	No	
Use of Revenue Bond Proceeds for Private Loans:	Yes	469.101 & 469.156 (IDBs)	Yes	469.156 (IDBs)
Make Loans for any Purpose of the Act:	Yes, for economic development.	469.192	Yes, for housing and redevelopment.	469.192
Trade Notes, Bonds, Leases, Contracts in Secondary Market:	Yes	469.101 (22)	No	
Provide Seed or Venture Capital:	Yes	469.102 (23)	No	
Advance Funds for Development and Redevelopment:	Yes	469.106	Yes, for housing	469.012(6)
Levy Taxes:	Up to .01813% of taxable market value by City, with reverse referendum to increase beyond.	469.107	Up to .01851% of taxable market value with City approval, which can be given for future years	469.033(6)
Carry out Federal Housing Programs:	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(2g)(2h)
Construct and Own Housing:	Only if part of economic development. However, EDA may take actions if provided HRA powers by City Council.	469.101(2)	Yes	469.012(2g)(2h)
Make "payments in lieu of taxes":	No. However, EDA may take actions if provided HRA powers by City Council.		Yes, for "housing projects" or "housing development projects"	469.012(1k)

Housing Rehabilitation Loans and Grants:	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(6)
Housing Interest Reduction Programs:	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(7)
Commercial Rehabilitation Loans:	No. However, EDA may take actions if provided HRA powers by City Council.	469.184	Only as an agent of the City as authorized by City by ordinance	469.184
Housing Down Payment Assistance Loans and Grants:	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(13)
Exemption from Public Bidding:	No general public bidding requirements for EDAs listed in statutes. Public bidding for sale of property unnecessary if negotiated private sale that is in the City's interests and furthers the EDA's general plan of economic development.	469.105(4)	Yes, for public housing, certain parking facilities and certain HRA-owned housing.	469.015 (4)
Utilize Tax Increment Financing:	Yes, for purposes of EDA Act	491.176(4)	Yes, for purposes of HRA Act	469.176(4)



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
MARCH 20, 2017
7:00 PM**

Call to Order

Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Michael Howard.

Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Sue Sandahl.

Approval of the minutes of the Regular Housing and Redevelopment Authority Meeting of January 17, 2017.

AGENDA APPROVAL

1. Approval of the Agenda

PRESENTATIONS

2. 2016 Year in Review
3. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consideration of the approval of a resolution designating certain financial institutions as depositories for the Housing and Redevelopment Authority for 2017.
Staff Report No. 9
 - B. Consideration of the approval of revisions to the Transformation Loan Program Guidelines updating the administration of the Program.
Staff Report No. 10
 - C. Consideration of the approval of revisions to the Richfield Rediscovered Lot Sale Guidelines and the Redevelopment Credit Program Guidelines.
Staff Report No. 11
 - D. Consideration of the approval of recommended revisions to the New Home Program Guidelines.
Staff Report No. 12
 - E. Consideration of the approval of a resolution authorizing an interfund loan up to \$400,000 for advance of certain costs in connection with the Interchange Tax Increment Financing District.
Staff Report No. 13
 - F. Consideration of the approval of a resolution approving a Subordination Agreement related to Richfield Urban Village.

Staff Report No. 14

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

RESOLUTIONS

5. Consideration of the approval of a resolution approving the Assignment and Assumption of Contract between Mesaba Capital Development, LLC, RM Senior Living Richfield LLC, and the Housing and Redevelopment Authority, and Second Amendment to Contract for Private Development between RM Senior Living Richfield LLC and the Housing and Redevelopment Authority.

Staff Report No. 15

OTHER BUSINESS

6. Consideration of the approval of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 6836 Irving Avenue under the Richfield Rediscovered Credit Program.

Staff Report No. 16

HRA DISCUSSION ITEMS

7. HRA Discussion Items

EXECUTIVE DIRECTOR'S REPORT

8. Executive Director's Report

CLAIMS AND PAYROLLS

9. Claims and Payrolls
10. Adjournment

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HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

January 17, 2017

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00pm

ATTENDANCE

HRA Members
Present:

Mary Supple, Chair; David Gepner; Doris Rubenstein; and Pat Elliott
(arrived at 7:18pm).

HRA Members
Absent:

Michael Howard

Staff Present:

Steve Devich, Executive Director,
John Stark, Director of Community Development,
Karen Barton, Assistant Director of Community Development
Julie Eddington, HRA Attorney, Kennedy and Graven

Item #1

OATH OF OFFICE FOR RICHFIELD HRA COMMISSIONER, MICHAEL HOWARD

Due to Michael Howard's absence, this item was postponed until the February meeting.

Item #2

CONSIDERATION OF THE ELECTION OF THE RICHFIELD HRA OFFICERS FOR 2017. SR No. 1.

Chair Supple opened nominations.

Commissioner Rubenstein nominated Mary Supple to serve as Chair
Motion carried 3-0.

Commissioner Rubenstein nominated Pat Elliott to serve as Vice-Chair
Motion carried 3-0.

Chair Supple nominated Doris Rubenstein to serve as Secretary
Motion carried 3-0.

Item #3

APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF DECEMBER 19, 2016

M/Gepner, S/Rubenstein to approve the minutes.

Motion carried 3-0.

Item #4	HRA APPROVAL OF THE AGENDA
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A discussion was added to the agenda regarding the Southdale Library redevelopment.

M/Gepner, S/Rubenstein, to approve the agenda as modified.

Motion carried 3-0.

Item #5	HRA APPROVAL OF THE CONSENT CALENDAR
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A. Consideration of the approval of designating the Community Development Director as the Acting Executive Director of the HRA for 2017 in the event the Executive Director is absent from the City.

Staff Report No. 2

B. Consideration of the approval of resolutions designating official depositories for the Housing and Redevelopment Authority for 2017, including the approval of collateral.

Staff Report No. 3

C. Consideration of the approval of a Consultant Services Agreement with the Greater Metropolitan Housing Corporation for 2017.

Staff Report No. 4

D. Consideration of the approval of a Consulting Agreement with the Center for Energy and Environment for the Residential Energy Program.

Staff Report No. 5

E. Consideration of the approval of a revised fee schedule for Housing and Redevelopment Authority housing programs.

Staff Report No. 6

Chair Supple and Commissioner Gepner asked about the depositories that are selected for the HRA. Executive Director Devich responded to the questions and stated that he would provide the Commissioners with a list of those institutions.

Commissioner Gepner asked if the Architectural Consultation Program was included under item C, Consultant Services Agreement with the Greater Metropolitan Housing Corporation. Assistant Community Development Director Karen Barton responded that it was not part of the agreement with GMHC. She described the programs available under the Consultant Services Agreement.

M/Rubenstein, S/Gepner, to Approve the Consent Calendar

Motion carried 3-0.

Item #6	CONSIDERATION OF AN AMENDMENT TO THE PRELIMINARY DEVELOPMENT CONTRACT WITH CEDAR PT II LLC.
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Assistant Community Development Director Barton presented Staff Report No. 7.

Adam Seraphine, LLC Partnership, presented the HRA with a status update on the project. He stated that the extension of the agreement is needed to get the project done as one, rather than two separate parts (townhomes and apartments).

Commissioner Gepner asked what has been the communications with homeowners.

Seraphine responded, and stated that they have been in communications with individual homeowners about the equity gap issues and the timing of the projects. Moving forward, they will be providing the HRA with a bi-weekly update.

Commissioner Gepner asked about the grants for the project area that are being submitted. Assistant Community Development Director Barton responded that while they weren't selected for the fall round of Transit-oriented Development (TOD) funding, the application will be resubmitted for the 2017 funding round. The application is due in February. The feedback on the initial application was positive, and Assistant Community Development Director Barton is optimistic.

Commissioner Rubenstein asked if the homeowners were amenable to being bought out. Assistant Community Development Director Barton said she believed most were amenable, but that it would be handled on a 'first-come, first-serve' basis.

Community Development Director Stark stated that staff sent a letter out to the homeowners last week, providing an update and notice of tonight's meeting. No feedback was received.

Commissioner Elliott arrived at 7:18pm.

Commissioner Gepner asked if, in the event that the project is separated, would the development agreement bind the developer to completing both parts of the project. Assistant Community Development Director Barton responded that those details are yet to be finalized.

M/Gepner, S/Rubenstein, to approve the resolution approving the first amendment to the preliminary development agreement with Cedar Point II LLC.

Motion carried 4-0.

Item #7	CONSIDERATION OF AN APPEAL OF A DENIAL OF THE SALE OF A RICHFIELD REDISCOVERED LOT AT 6345 BLOOMINGTON AVENUE TO T-SQUARED REPAIR AND REMODELING
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Community Development Director Stark reviewed Staff Report No. 8.

Tim Sjoquist, owner of T-Square Repair and Remodeling, resident of 4600 Heritage Hills Drive, Bloomington, business address: 6009 Penn Ave S, Minneapolis. Mr. Sjoquist first asked about application process, and feels that the roadblock is happening during the first

part of the process. He provided an energy-rating worksheet from his previously-built home. He asked for clarification on the quality standards of the last home he built in Richfield. He also asked for clarification about the objections to the involvement of the homeowner in his previous project.

Jon Pues, resident of 6808 14th Ave S, stated he's been a lifelong Richfield resident, and has used the HRA programs multiple times. He noted that there were hiccups during the construction of the new home on 14th Avenue. He stated that he didn't have enough time to address all the issues, and that concerns mentioned in the staff report were not made known to him prior to the meeting.

Community Development Director Stark stated that communications were made between the applicant and staff. He stated that he discussed the items listed on the staff report with Mr. Sjoquist approximately two weeks prior to the HRA meeting, and that staff report was made public to the applicants.

Executive Director Devich stated that it would be up to the HRA to allot more time to Mr. Pues.

Community Development Director Stark clarified that concerns about Mr. Sjoquist's experience and capabilities were related to new construction, rather than remodeling, and were based on the construction of Mr. Pues' first home in 2014. Community Development Director Stark mentioned that during that project there were four failed inspections, as well as multiple items listed in building permits results and reports. He also noted that the Chief Building Inspector, Rick Regnier, stated that during the construction of his first Richfield Rediscovered home, Mr. Pues had a very high level of involvement, without being licensed.

Mr. Sjoquist responded from the seating area of Council Chambers, and was not audible via microphone.

Commissioner Rubenstein asked if Mr. Pues would be eligible to reapply with a more experienced builder and/or project manager. Community Development Director Stark stated that given the cumulative issues it would be difficult to approve a project, but that each application would be evaluated separately.

Commissioner Gepner asked how the new home would differ from his existing home. Mr. Pues stated that the new home would be a rambler, rather than a two-story home. It would include a multi-generational suite, as his current house does.

Commissioner Gepner asked how many Richfield Rediscovered lots were currently available. Community Development Director Stark stated approximately seven lots remained for sale.

Commissioner Gepner asked the applicant why they should not trust staff's recommendation on this issue. Mr. Pues stated that he's been in the building trades his whole life. Commissioner Gepner asked if the applicant was a builder. Mr. Pues stated that he is not a builder, but that his background is in retail and design. He has experience working at Home Depot with specialized customers/accounts. He is very familiar with how houses go together. He stated that new homes are easier to build rather than remodeled homes. He stated that he works with realtors and others to help with design. He stated that design is a matter of personal choice.

Commissioner Elliott asked a question, the beginning of which was in inaudible. He stated that he doesn't believe that Mr. Pues can withhold his involvement in this type of project.

Mr. Pues responded that he did not pull any permits, but only did low-voltage work, which was allowed.

Mr. Sjoquist stated that they selected their design to help with noise issues, rather than focusing on the second-story or other features. He stated he is confused about future applications for this program. He stated that he sent Mr. Pues to inspections to act as his agent and that he is allowed to be involved in the construction of his new house. He asked for specific problems with the previous project.

Community Development Director Stark clarified that Mr. Sjoquist was never called a 'bad builder'. He also referenced that the HRA's attorney, Julie Eddington, had reviewed the program guidelines and was available to answer any questions.

Julie Eddington, attorney for the HRA, stated that the mission of the HRA's programs is met by offering subsidies for residential remodeling and new construction projects. The policy for Richfield Rediscovered does not put any liability or requirements on the HRA to give a subsidy to all projects that apply. The HRA has the authority to award or deny without being in danger of claims of discrimination for the reasons given in this specific case.

M/Gepner, S/Elliott to deny the appeal of a denial of the sale of a Richfield Rediscovered lot at 6345 Bloomington Avenue to T-Squared Repair and Remodeling

Commissioner Rubenstein reiterated that they may re-apply, or that they may build the new home without utilizing the RR program.

Motion carried 4-0.

Item #8	HRA DISCUSSION ITEMS
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Commissioner Rubenstein described the redevelopment project that is being undertaken at the Hennepin County Southdale Library site. She expressed some concern about the public participation process that is currently being undertaken. She stated that some staff and policymakers have been able to attend the meetings. Commissioner Rubenstein stated that the recommendations being shown at public meetings have not reflected the input gathered by local stakeholders, especially as it concerns traffic/parking, density and types of use. She encouraged citizens to get involved in this process to represent Richfield's priorities.

Commissioners Elliott and Gepner agreed that the process has not accurately reflected the input given by residents of Edina and Richfield. Commissioner Elliott stated that the next meeting on February 9th is extremely important, and will be crucial for Richfield residents to attend.

Community Development Director Stark commented on his involvement and gave his perspective on the process.

Chair Supple agreed with Commissioner Gepner's experience.

Commissioner Gepner asked for an update on Lyndale Gardens. Community Development Director Stark stated that the developer is exploring the option of selling the property to another developer, or of bringing in a new development partner. He mentioned that they have met with one developer that showed interest in the property. Commissioner Gepner asked if the city has any liability should the project not move forward. Stark stated that the Metropolitan Council stated that they have never asked for the return of the grant funds should a project fail to move forward, at no fault of the city. Executive Director Devich stated

that the site has been improved and that it will be an excellent redevelopment site for the right developer. He doesn't believe the current developer will be able to go forward, but that it will be done in the future.

Commissioner Elliott asked whether the next developer will have similar financial constraints, due to density limitations that the current developer is experiencing. He stated that the city needs a developer who has the liquidity to help finance the project without relying completely on lenders.

Executive Director Devich stated that the density of the site will continue to be a challenge on the site, but there may be ways to creatively work through the problem.

Commissioner Gepner asked about the grant for Richfield Parkway. Assistant Community Development Director Barton stated that the trail improvements would begin this spring, with development to follow in the fall.

Item #9	EXECUTIVE DIRECTOR REPORT
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Executive Director Devich had nothing to report to the HRA.

Item #10	CLAIMS AND PAYROLL
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M/Elliott, S/Gepner, that the following claims and payroll be approved:

U.S. BANK	1/16/17
Section 8 Checks: 128356 - 128439	\$162,903.50
HRA Checks: 32939 - 32971	\$ 57,596.38
TOTAL	\$220,499.88

Commissioner Rubenstein asked about payments to Crossroads at Penn. Community Development Director Stark responded to her questions.

Motion carried 4-0.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 8:20 p.m.

Date Approved: February 21, 2017

Mary B. Supple
HRA Chair

Karen Barton
Acting City Clerk

Steve Devich
Executive Director



STAFF REPORT NO. 9
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Chris Regis, Finance Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Executive Director
2/15/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
2/15/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution designating certain financial institutions as depositories for the Housing and Redevelopment Authority for 2017.

EXECUTIVE SUMMARY:

At the January 17, 2017 Housing and Redevelopment Authority (HRA), the HRA board approved three resolutions that designated official depositories, restricted the deposit of funds to the level of collateral, and designated certain financial institutions as depositories for the investment of HRA funds.

Subsequent to the January 17, 2017 meeting, staff became aware that one depository, Wells Fargo Institutional Retirement and Trust, was left off the January resolution for depositories for the investment of HRA funds.

To continue to be in compliance with Minnesota statutes, it is necessary for the HRA Board to consider the attached resolution that now includes designating Wells Fargo Institutional Retirement and Trust as a depository for the investment of HRA funds.

RECOMMENDED ACTION:

By Motion: Approve a resolution designating certain financial institutions as depositories for the investment of Housing and Redevelopment Authority of Richfield funds in 2017.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- N/A

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

- In accordance with Minnesota Statutes Section 118A.01 - 118A.06, the HRA of Richfield must designate financial institutions annually. The institutions must pledge the collateral over and above the amount of federal insurance, as public depositories.
- Finally, a designation must be made for certain financial institutions as depositories for the investment of HRA funds for 2017. These institutions, such as investment brokerage firms, offer government securities in the manner required by law. The following financial institutions were approved at the January 17, 2017 meeting, U.S. Bank Institutional Sales, RBC Capital Markets,

Raymond James & Associates, Northland Securities, Oppenheimer & Co., and the 4M Fund. Staff is now asking the HRA Board to add Wells Fargo Institutional Retirement and Trust as an approved depository.

C. **CRITICAL TIMING ISSUES:**

- N/A

D. **FINANCIAL IMPACT:**

- N/A

E. **LEGAL CONSIDERATION:**

- The HRA is required by Minnesota Statute 118A.01 - 118A.06, to designate as a depository of funds, insured banks or thrift institutions. Any collateral so deposited is accompanied by an assignment pledged to the HRA in the amount specified in the attached resolutions.

ALTERNATIVE RECOMMENDATION(S):

- The HRA could solicit other financial institutions for official depositories, but past relationships with the depositories recommended have proven satisfactory for the City.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter

RESOLUTION NO.

RESOLUTION DESIGNATING CERTAIN FINANCIAL INSTITUTIONS AS DEPOSITORIES FOR THE INVESTMENT OF HOUSING AND REDEVELOPMENT AUTHORITY OF RICHFIELD FUNDS IN 2017

WHEREAS, the Housing and Redevelopment Authority of Richfield has money which is available for investment; and

WHEREAS, different financial institutions offer different rates of return on investments; and

WHEREAS, the Housing and Redevelopment Authority of Richfield shall purchase U. S. Treasury Bills, U. S. Treasury Notes and other such government securities in the manner required by law from the institution offering the highest rate to the Housing and Redevelopment Authority of Richfield providing greater flexibility in the investment program and maximize interest income thereon.

NOW, THEREFORE, BE IT RESOLVED, by the Housing and Redevelopment Authority of Richfield, Minnesota, in accordance with Minnesota Statutes, Sections 118A.01 – 118A.06, as follows:

1. It is hereby found and determined that it is in the best interest of the proper management of Housing and Redevelopment Authority of Richfield funds that certain financial institutions be designated as additional depositories for Housing and Redevelopment Authority of Richfield funds for 2017.
2. The following financial institutions designated as depositories for the Housing and Redevelopment Authority of Richfield funds:

RBC Capital Markets.
4M Fund
US Bank Institutional Sales
Northland Securities, Inc.

Raymond James & Assoc.
U.S. Bank
Oppenheimer & Co.
Wells Fargo Institutional Retirement
& Trust

3. The Treasurer and Finance Manager are hereby authorized to deposit the Housing and Redevelopment Authority of Richfield funds in any or all of the depositories herein designated. Such deposits may be made and withdrawn from time to time by the Treasurer or Finance Manager's judgment and as the interest of the Housing and Redevelopment Authority of Richfield dictates.
4. The investment of funds and the reporting thereof pursuant to this resolution shall be conducted in accordance with established policies regarding the investment of these funds.

Adopted by the Housing and Redevelopment Authority of Richfield, Minnesota this 20th day of March, 2017.

Mary Supple, Chair

ATTEST:

Doris Rubenstein, Secretary



STAFF REPORT NO. 10
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Julie Urban, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
2/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
2/15/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of revisions to the Transformation Loan Program Guidelines updating the administration of the Program.

EXECUTIVE SUMMARY:

Staff periodically reviews and recommends revisions to the Transformation Loan Program Guidelines (Guidelines) as needed. The following changes to the Guidelines are recommended to reflect how the Transformation Loan Program (Program) is currently administered.

Recommended to be removed from the Guidelines:

- References to a Pre-Remodeling Condition Report (no longer required due to funding source).
- References to the Richfield Remodeling Advisor.

Recommended to be added/revised:

- When a homeowner uses a construction loan followed by new, permanent mortgage financing, the HRA may commit funds but delay closing on the Loan until the homeowner closes on the permanent financing.
- An individual/household is restricted to receiving one loan every seven years (the Guidelines currently limit the Loan to one per property; and two Transformation Loans per lifetime).
- Reference to the availability of an Architectural Consultant is referenced.
- Notice of Data Privacy rules. Under current data privacy rules, the name of the loan recipient and the fact that they received a loan is public data but all other loan information is to be treated as private.

RECOMMENDED ACTION:

By Motion: Approve the recommended revisions to the Transformation Loan Program Guidelines.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Transformation Loan provides a financial incentive to homeowners for initiating major remodeling of their homes to meet their housing needs. Major remodeling projects are defined as exceeding \$50,000 in cost. These are eligible for an incentive loan equal to 15 percent of the project cost, not to exceed \$25,000. The loan is a no-interest, no-payments loan that is due and

payable when the homeowner sells their home or is forgiven after 30 years.

- Since the Program began in 1993, the HRA has made 184 loans and loaned over \$2.2 million.

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

The goals of the Program are to:

- Provide an incentive to homeowners for initiating major remodeling on their homes to meet their housing needs.
- Increase the function and livability of small or outdated Richfield homes.
- To increase the range of housing options available to individuals and families who want to live or remain in Richfield.

C. CRITICAL TIMING ISSUES:

- The revisions are needed to reflect how the Program is currently being administered.

D. FINANCIAL IMPACT:

- The Program is no longer funded using the Housing and Redevelopment Fund; therefore, a Pre-Remodeling Condition Report is no longer required. The removal of this inspection requirement lowers the cost of administering the Program.
- No other revisions have a financial impact on the Program.

E. LEGAL CONSIDERATION:

- The Guidelines are a tool for guiding program administration. While they do not constitute a contractual agreement or liability by the City or HRA, they provide a consistent guide for administering the Transformation Loan Program and should reflect current practices.

ALTERNATIVE RECOMMENDATION(S):

- The HRA may choose to not approve the recommended revisions to the Transformation Loan Program Guidelines.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
2017 Transformation Guidelines	Backup Material

TRANSFORMATION HOMES

PROGRAM GUIDELINES FOR STAFF ADMINISTRATION

REVISED: MARCH 2017

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TRANSFORMATION HOMES PROGRAM GUIDELINES

The Transformation Homes Program Guidelines have been developed as a tool for guiding program administration. This document should not be interpreted as constituting any contractual agreement or liability by the City or HRA.

Statement of Purpose

To help improve and maintain an aging housing stock by providing financial and technical assistance to homeowners so they may make home improvements and undertake expansions to accommodate their housing needs.

Program Objectives

- To provide an incentive to homeowners or home buyers for initiating major remodeling on their homes to meet their housing needs.
- To increase the function and livability of small or outdated Richfield homes.
- To increase the range of housing options available to individuals and families who want to live or remain in Richfield.

Definitions

City:

The City of Richfield

HRA:

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

Homebuyer:

Loan applicant who is in the process of purchasing, remodeling and occupying a Richfield home.

Homeowner:

Loan applicant who owns and occupies or purchases and occupies the home to be remodeled.

Lender:

The primary lender working cooperatively with the HRA on home remodeling programs.

Loan:

Interest free loan offered by the HRA for remodeling payable upon sale of the house or forgiven after 30 years.

Remodeler:

A licensed builder or Remodeler who meets the criteria established by the HRA, including all state and local license requirements.

Remodeling Advisor:

Individual contracted with the HRA who meets with the homeowner to discuss ideas, estimate costs and answer questions.

Data Privacy

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

Criteria for Program Eligibility

In order for a project to be eligible for a Transformation Homes Loan, certain conditions must be met.

1. Project costs for remodeling improvements must be \$50,000 or more. The Transformation Loan will be calculated at 15% of the project cost as determined by the HRA, not to exceed \$25,000.
2. The Homeowner shall provide a copy of the estimate and project specifications from the selected Remodeler for the work to be done. The Homeowner shall also submit house plans, a site plan, and any other reasonable information requested.
3. The Remodeler selected by the Homeowner shall be evaluated by the HRA to meet all remodeling criteria.
4. On a case by case basis, HRA staff may visit the applicant’s property and prepare an action plan to ensure viability of the project.
5. No work may have commenced on the proposed project if application is being made under the Transformation Homes Program. Nor may any completed work be considered.

Conditions of the Loan

1. An applicant’s project cost must be a minimum of \$50,000. All aspects of the project must be completed within a reasonable period of time such that all the work may be considered part of one project.

2. Sweat equity may be allowed. The estimated loan amount would be the combination of contractor and materials cost, but cannot include the value of homeowner labor. Sweat equity projects must be completed within one year.
3. For applicants obtaining mortgage financing, the full Loan amount may be placed in an escrow account, if required by the Lender. The escrow account will be drawn upon in prorated increments, simultaneously as funds are drawn upon from the primary Loan to make payments to the Remodeler. Payment will be disbursed at the discretion of the Lender, upon satisfactory HRA verification of work in progress. Before the Loan payment can be provided to the Lender, , the Homeowner must sign the Promissory Note, an example of which is attached as Exhibit B.
4. In cases where an escrow account is not used, the primary Lender may require a simultaneous closing with the HRA Loan at the time permanent financing is secured. In these cases, the HRA may commit funds and authorize a project to begin prior to closing on the Loan. No funds will be disbursed until closing has taken place.
5. In those situations where the Homeowner is not utilizing the services of a Lender, partial and/or final loan payments may be issued to the homeowner at or near the end of the project. Payments will be made upon HRA approval of homeowner submitted documentation which will include a detailed list of expenditures, supplier and contractor invoices or receipts, and lien waivers.
6. Before final payment is issued (by Lender or HRA), inspections will be required by both HRA staff and the City Building Inspector. Upon satisfactory verification of work in progress, or upon completion, payments will be disbursed at the discretion of the lender or the HRA.
7. Copies of lien waivers for the full amount of the payment must be provided at the time of final disbursement.
8. Loan funds are available on a limited basis. The HRA is not responsible for the unavailability of Loan funds to Homeowner.
9. No interest will accrue on the Loan; no monthly payments are required.
10. Payment of the Loan must be made in full within 30 days upon the sale, conveyance, assignment, lease or transfer of the property. A Satisfaction of Mortgage in recordable form will be provided upon receipt of payment. The Loan may also be paid in full at any time.
11. If the Homeowner still owns and occupies the property, the lien created by the Loan will be forgiven 30 years from the date of the Promissory Note and Deed.
12. The Loan is a lien against the property. If at any time during the term of the loan, the HRA is asked to subordinate its position, the HRA subordination policy in effect at the time of the subordination request will apply. Please consult the Richfield HRA Subordination and Satisfaction Policy, available at www.cityofrichfield.org/subordinations or by calling 612/861-9778.

13. Only one Loan is available to a Homeowner at any given property location. A Homeowner may apply for one additional Loan at a different property location no sooner than seven years following the original Loan.

Eligible Improvements

Eligible improvements include:

- a.) Value-added improvements, such as finishing off an additional bathroom or adding a garage;
- b.) Maintenance and repair, such as roof replacement, electrical or plumbing improvements, or cosmetic updating such as painting or wall-to-wall carpeting, when done in conjunction with value-added improvements; and
- c.) Any other improvements as determined by the HRA.

Non-eligible improvements include:

- a.) Swimming pools, hot tubs and greenhouses;
- b.) Decorative landscaping.

Application Procedure

The Homeowner must:

1. Meet with an architectural consultant, if requested by the HRA;
2. Submit a complete application, which includes an application form, a copy of all bids demonstrating project costs, scopes of improvement, and plans;
3. An Application Fee is charged to cover the cost of administering the loan. The application fee is due at the time the application is submitted.
4. Applications will be reviewed and awarded on a first-come, first-served basis. In addition, the HRA by its sole determination, will prioritize applicants and reserve funding for those applicants who demonstrate progress using criteria such as the following:
 - Loan commitment from a lender in written form;
 - Complete, final and secured bid from contractor(s); and/or
 - Architectural drawings prepared demonstrating substantial remodeling is proposed.
5. A commitment letter will be issued verifying the reservation of funds to be provided at closing.
6. If not pursuing a simultaneous closing, the homeowner will sign a mortgage and a promissory note agreeing to the terms of the loan. The mortgage filing fee and registration tax will be charge to the applicant. Following closing, work can begin on the project.
7. If a simultaneous closing with end-financing has been requested by the Lender, the homeowner may begin work once a commitment letter has been received, and building permits issued.

Hold Harmless

To the fullest extent permitted by law, the Homeowner must agree to defend, indemnify and hold harmless the HRA and the City of Richfield, their officers, agents and employees from

and against all claims, loss, damage, costs and expense arising from bodily or personal injury or sickness, illness, or death of persons or damage to property resulting from or alleged to have resulted from the Remodeler's work and operations.

Remodeler Criteria

The Remodeler should meet a minimum set of standards and perform certain requirements in order to participate in the program:

1. Meet any Lender requirements when the Homeowner is seeking Lender financing.
2. Provide adequate evidence of builder's risk, comprehensive general liability and worker's compensation insurance coverage.
3. Provide a written warranty policy to the Homeowner and Lender.
4. Provide State Building/Remodeling Contractor license number.
5. Provide the following references:
 - Five satisfied customers;
 - Three major suppliers or subcontractors;
 - Names of building officials from two cities where the Remodeler has worked in the last three years.

Each Remodeler must fill out a Remodeler Form (Exhibit D).

Responsibility of Remodeler

The Remodeler must perform work in accordance with the specifications and contract provided to the Homeowner. Any guarantee and/or warranties on the materials, supplies or quality of work must be obtained by the Homeowner. Lien waivers must be provided at time of payment. All property permits must be obtained per city code. NOTE: The City of Richfield has a Point of Sale ordinance that requires all residential properties pass a housing code inspection before sale. The HRA is not responsible for insuring compliance with this ordinance. Proper inspections should be arranged by the seller and any repairs made as part of the purchase/remodel process.

Housing and Site Development Criteria

The following requirements apply to all Transformation projects:

1. Each home shall be a detached single-family dwelling. Exceptions to this may be approved by the HRA.
2. At a minimum, off-street paved parking must be provided on the site in accordance with the zoning code.

3. Three and four bedroom homes as a result of remodeling are preferred. However, a minimum of two finished bedrooms and space for a third bedroom that could be easily finished will be acceptable.
4. Two full bathrooms as a result of remodeling are preferred. However, a minimum of one full bath and a 1/2 bath roughed in will be acceptable.
5. House design and appearance is a critical concern to the HRA. The house building lines, window placement, and orientation to street must present a balanced and pleasing view from all sides. Garage door dominance in design must be minimized. Blank walls without windows or doors are not allowed. Roof line variation will be reviewed.
6. If exterior work is included, exterior materials should be low maintenance. Masonite siding materials are not acceptable.
7. All landscaping and sod disturbed by the construction project must be repaired in a professional manner.
8. Adjoining properties must not be disturbed by the construction process.
9. Construction and the finished structure must improve or not have a detrimental impact on storm water drainage patterns in the neighborhood and on adjoining properties. Where roofs direct storm water toward minimum (five feet) side yards, gutters may be required as a condition of Loan payment.

Design Plan Review

1. The HRA must be provided with a set of the building plans, including building elevations, and a copy of the land survey or site plan.
2. HRA staff will review the plans to ensure conformance with the Housing and Site Development Criteria. Plan review by the Building Official is a separate process.
3. All building plans must be prepared in consultation with an architect or a qualified draftsman.
4. If any element of the plan is in conflict with the above criteria, the Remodeler will be notified.
5. Revised plans must be resubmitted for final approval.
6. All plan reviews will be completed by the HRA in a timely manner. Each plan submitted will be processed individually.
7. The HRA may refer a set of plans to the County Assessor to make a preliminary determination of value if there is concern about the extent of value added as a result of remodeling.

Forms/Exhibits

- A. Transformation Homes Application Form
- B. Promissory Note
- C. Mortgage Note
- D. Remodeler Form
- E. Summary of Costs and Loan Computation
- F. Letter of Commitment
- G. Sworn Construction Statement
- H. Satisfaction of Mortgage

TRANSFORMATION HOME PROGRAM
APPLICATION COVER SHEET



APPLICANT CONTACT INFORMATION

Applicant(s) Legal Name(s) and Marital Status	
Applicant(s) current address	
Applicant(s) phone number	
Applicant(s) email address	

REMODELING INFORMATION

Description of proposed improvements	
Proposed Start Date	
Estimated Completion Date	
Name of architect or designer	
Name of remodeler(s)	
Remodeler phone number	

FINANCING INFORMATION

Estimated amount of contract	
Appraised value of property upon completion (if lender-financed)	
Lending Institution	
Type of financing (second mortgage/refinance/home equity line, etc.)	
Anticipated closing date	
Source of financing, if not lender financed	

APPLICATION REQUIREMENTS:

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Application cover sheet |
| <input type="checkbox"/> | \$300 application fee |
| <input type="checkbox"/> | Photograph of the property and specific area to be remodeled (digital format) |
| <input type="checkbox"/> | Cost estimate |
| <input type="checkbox"/> | Building plans (both floor plans and exterior elevations) and site plan (if applicable) |
| <input type="checkbox"/> | Remodeler form with references |

APPLICANT(S) SIGNATURE(S) *I certify that the information I have provided is accurate and that I have read and understand the program guidelines*

Signature	Date
Signature	Date

EXHIBIT B

PROMISSORY NOTE

1. FOR VALUE RECEIVED, the undersigned ("Borrower") agrees to pay to the Housing and Redevelopment Authority in and for the City of Richfield, a body corporate and politic under the laws of the State of Minnesota, ("Noteholder"), the sum of «TI_Loan_Amt» (the "Original Note Amount"), without interest, on the Maturity Date as hereinafter defined.

2. The Borrower acknowledges that the Original Note Amount is the amount loaned to the Borrower by the Noteholder and is equal to 15 percent of the construction cost of the home remodeling project undertaken by the Borrower and outlined in Exhibit B. The project is located at «address» Richfield, Minnesota, which property is legally described as follows:

«LegalDesc»

(the "Subject Property").

3. The Maturity Date shall be the first date prior to the «maturitydate», 30 years from the date of this Note, upon which any of the following events shall occur:

- a) the Subject Property is voluntarily or involuntarily sold, transferred or otherwise conveyed;
- b) the Subject Property is rented, leased, unoccupied or assigned for a period exceeding one year;
- c) there exists any default under the terms of this or any other mortgage secured by the Subject Property;
- d) there exists any other event which would cause the Subject Property to be occupied by other than the Borrower for a period of more than one year.

Notwithstanding anything else herein to the contrary, if there has been no event prior to «maturitydate» which causes the occurrence of the Maturity Date, then the Borrower shall thereafter be relieved of the obligation to repay the Original Note Amount, and the lien hereby created shall be terminated.

4. The encumbrance evidenced by this Note in the Original Note Amount shall be subordinate to any lien created and recorded prior to this Note.

5. In the event that the Borrower is notified directly or indirectly that foreclosure proceedings, by advertisement, action or otherwise, have been commenced or will be commenced, foreclosing any lien or liens against the Subject Property or any part thereof, the Borrower shall immediately notify the Noteholder in writing of such proceedings.

EXHIBIT C

Mortgage Note

(Top 3 inches reserved for recording data)

MORTGAGE
by Individual(s)

MORTGAGE REGISTRY TAX DUE: \$ _____

DATE: _____

☐ **CHECK IF APPLICABLE: NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, ENFORCEMENT OF THIS MORTGAGE IN MINNESOTA IS LIMITED TO A DEBT AMOUNT OF \$[...] UNDER CHAPTER 287 OF MINNESOTA STATUTES.**

THIS MORTGAGE ("**Mortgage**") is given by «**Legal_Names**», as mortgagor ("**Borrower**"), to the **Housing and Redevelopment Authority in and for the City of Richfield a public body corporate and politic under the laws of Minnesota** as mortgagee ("**Lender**"). In consideration of the receipt of **twent** Dollars (\$«**TI_Loan_Amt**») (the "**Indebtedness**") from Lender, Borrower hereby mortgages, with power of sale, the real property in **Hennepin** County, Minnesota, legally described as follows:
«**LegalDesc**»

Check here if all or part of the described real property is Registered (Torrens) «Torrens»

together with all hereditaments and appurtenances belonging thereto (the "**Property**"), subject to the following exceptions:

- (a) Covenants, conditions, restrictions (without effective forfeiture provisions) and declarations of record, if any;
- (b) Reservations of minerals or mineral rights by the State of Minnesota, if any;
- (c) Utility and drainage easements which do not interfere with present improvements;
- (d) Applicable laws, ordinances, and regulations;
- (e) The lien of real estate taxes and installments of special assessments not yet due and payable; and
- (f) The following liens or encumbrances, if any:

Borrower covenants with Lender as follows:

1. **Repayment of Indebtedness.** If Borrower (a) pays the Indebtedness to Lender according to the terms of the promissory note or other instrument of even date herewith that evidences the Indebtedness and all renewals, extensions, and modifications thereto (the "**Note**"), final payment of which is due on **«maturitydate»**; (b) pays interest on the Indebtedness as provided in the Note; (c) repays to Lender, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (d) keeps and performs all the covenants and agreements contained herein, then Borrower's obligations under this Mortgage will be satisfied, and Lender will deliver an executed satisfaction of this Mortgage to Borrower. It is Borrower's responsibility to record any satisfaction of this Mortgage at Borrower's expense.

2. **Statutory Covenants.** Borrower makes and includes in this Mortgage the following covenants and provisions set forth in Minn. Stat. 507.15, and the relevant statutory covenant equivalents contained therein are hereby incorporated by reference:

- (a) To warrant the title to the Property;
- (b) To pay the Indebtedness as herein provided;
- (c) To pay all taxes;
- (d) That the Property shall be kept in repair and no waste shall be committed;
- (e) To pay principal and interest on prior mortgages (if any).

3. **Additional Covenants and Agreements of Borrower.** Borrower makes the following additional covenants and agreements with Lender:

(a) Borrower shall keep all buildings, improvements, and fixtures now or later located on all or any part of the Property (collectively, the "**Improvements**") insured against loss by fire, lightning, and such other perils as are included in a standard all-risk endorsement, and against loss or damage by all other risks and hazards covered by a standard extended coverage insurance policy, including, without limitation, vandalism, malicious mischief, burglary, theft, and if applicable, steam boiler explosion. Such insurance shall be in an amount no less than the full replacement cost of the Improvements, without deduction for physical depreciation. If any of the Improvements are located in a federally designated flood prone area, and if flood insurance is available for that area, Borrower shall procure and maintain flood insurance in amounts reasonably satisfactory to Lender. Borrower shall procure and maintain liability insurance against claims for bodily injury, death, and property damage occurring on or about the Property in amounts reasonably satisfactory to Lender and naming Lender as an additional insured, all for the protection of the Lender.

(b) Each insurance policy required pursuant to Paragraph 3(a) must contain provisions in favor of Lender affording all right and privileges customarily provided under the so-called standard mortgagee clause. Each policy must be issued by an insurance company or companies licensed to do business in Minnesota and acceptable to Lender. Each policy must provide for not less than ten (10) days written notice to Lender before cancellation, non-renewal, termination, or change in coverage. Borrower will deliver to Lender a duplicate original or certificate of such insurance policies and of all renewals and modifications of such policies.

(c) If the Property is damaged by fire or other casualty, Borrower must promptly give notice of such damage to Lender and the insurance company. In such event, the insurance proceeds paid on account of such damage will be applied to payment of the amounts owed by Borrower pursuant to the Note, even if such amounts are not otherwise then due, unless Borrower is permitted to make an election as described in the next paragraph. Such amounts first will be applied to unpaid accrued interest and next to the principal to be paid as provided in the Note in the inverse order of their maturity. Such payment(s) will not postpone the due date of the installments to be paid pursuant to the Note or change the amount of such installments. The balance of insurance proceeds, if any, will be the property of Borrower.

(d) Notwithstanding the provisions of Paragraph 3(c), and unless otherwise agreed by Borrower and Lender in writing, if (i) Borrower is not in default under this Mortgage (or after Borrower has cured any such default); (ii) the mortgagees under any prior mortgages do not require otherwise; and (iii) such damage does not exceed ten percent (10%) of the then assessed market value of the Improvements, then Borrower may elect to have that portion of such insurance proceeds necessary to repair, replace, or restore the damaged Property (the "**Repairs**") deposited in escrow with a bank or title insurance company

qualified to do business in Minnesota, or such other party as may be mutually agreeable to Lender and Borrower. The election may only be made by written notice to Lender within sixty (60) days after the damage occurs; and the election will only be permitted if the plans, specifications, and contracts for the Repairs are approved by Lender, which approval shall not be unreasonably withheld, conditioned, or delayed. If such a permitted election is made by Borrower, Lender and Borrower shall jointly deposit the insurance proceeds into escrow when paid. If such insurance proceeds are insufficient for the Repairs, Borrower shall, before the commencement of the Repairs, deposit into such escrow sufficient additional money to insure the full payment for the Repairs. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the Repairs, Borrower shall at all times be responsible to pay the full cost of the Repairs. All escrowed funds shall be disbursed in accordance with sound, generally accepted, construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Borrower into such escrow before the commencement of the Repairs. Borrower shall complete the Repairs as soon as reasonably possible and in a good and workmanlike manner, and in any event the Repairs shall be completed by Borrower within one (1) year after the damage occurs. If, following the completion of and payment for the Repairs, there remains any undisbursed escrow funds, such funds shall be applied to payment of the amounts owed by Borrower under the Note in accordance with Paragraph 3(c).

(e) If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu thereof must be applied to payment of the amounts due by Borrower to Lender under the Note as set forth in Paragraph 3(c), even if such amounts are not then due to be paid.

(f) Borrower will diligently complete all Improvements, if any, that may now or hereafter be under construction on the Property.

(g) Borrower will pay all dues, fees, or assessments, if any, which are due and payable by Borrower to any homeowners or similar association as a result of the Property's inclusion therein.

(h) Borrower will pay any other expenses and attorneys' fees incurred by Lender pursuant to the Note or as reasonably required for the protection of the lien of this Mortgage.

4. Payment by Lender. If Borrower fails to pay any amounts to be paid hereunder to Lender or any third parties, or to insure the Improvements, and deliver the policies as required herein, Lender may make such payments or secure such insurance. The sums so paid shall be additional Indebtedness, bear interest from the date of such payment at the same rate set forth in the Note, be an additional lien upon the Property, and be immediately due and payable upon written demand. This Mortgage secures the repayment of such advances.

5. Default. In case of default (i) in the payment of sums to be paid under the Note or this Mortgage, when the same becomes due, (ii) in any of the covenants set forth in this Mortgage, (iii) under the terms of the Note, or (iv) under any addendum attached to this Mortgage, Lender may declare the unpaid balance of the Note and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and Borrower hereby authorizes and empowers Lender to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same in fee simple in accordance with Minn. Stat. Ch. 580, and out of the monies arising from such sale, to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges, and fees Borrower agrees to pay.

6. Residential Mortgages. Notwithstanding the provisions of Paragraph 5, if the Indebtedness is a "conventional loan" as defined in Minn. Stat. 47.20, subd. 2(3), Borrower and Lender further covenant and agree as follows:

(a) Lender shall furnish to Borrower a conformed copy of the Note and this Mortgage at the time of execution or within a reasonable time after recordation hereof.

(b) Upon default by Borrower of any covenant or agreement under the terms of this Mortgage, Lender shall give notice to Borrower prior to foreclosure as provided in Paragraph 6(c) and such notice shall specify: (i) the nature of the default; (ii) the action required to cure the default; (iii) a date, not less than thirty (30) days from the date the notice is mailed to Borrower, by which the default must be cured; (iv) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property; (v) that Borrower has the right to reinstate this

Mortgage after acceleration; and (vi) that Borrower has the right to bring a court action to assert the non-existence of the default or any other defense of Borrower to acceleration and sale.

(c) In addition to any notice required under applicable law to be given in another manner, (i) any notice to Borrower provided for in this Mortgage shall be addressed to Borrower and given by mailing the notice via certified mail to the Property address (or to such other address as Borrower may designate by written notice to Lender as provided herein), and (ii) any notice to Lender shall be given by mailing the notice via certified mail to the following address (or to such other address as Lender may designate by written notice to Borrower as provided herein): Richfield Housing and Redevelopment Authority
6700 Portland Avenue South, Richfield, MN 55423

7. **Governing Law; Severability.** This Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

8. **Additional Terms.** Check this box ☒ if Minnesota Uniform Conveyancing Blank 20.2.1 or any other addendum (either one or more) containing additional terms and conditions is attached to this Mortgage. If the foregoing box is not checked, then this Mortgage shall not contain any such additional terms and conditions. The number of additional attached pages is **Three (3)**. Terms of this Mortgage will run with the Property and bind the parties hereto and their successors in interest.

Borrower

Insert Printed name of Borrower:

Insert Printed name of Borrower:

State of Minnesota, County of **Hennepin**

This instrument was acknowledged before me on _____, by «Legal_Names»

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____

(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
The Housing and Redevelopment Authority in and for the City of
Richfield
6700 Portland Avenue South
Richfield, MN 55423
(612) 861-9760

EXHIBIT D
TRANSFORMATION HOME PROGRAM
REMODELER FORM

Business Name: _____

Phone No.: _____ Fax No.: _____

E-mail Address: _____

Business Address: _____

Contact Person: _____

1. How many years has your company been in business? _____
2. In the past three years, what has been the average number of homes your company has remodeled per year? _____
3. In the past three years, what has been the average remodeling contract price by your company? _____
4. Attach copy of your company warranty policy.

If no written policy exists, please acknowledge that you comply with statutory warranties.

Yes _____ No _____

5. You agree that you have the ability, at all times during the term of the Remodeling Contract, to have and keep in force the following minimum insurance coverages:

COVERAGE:

Workers Compensation
Employer's Liability
Comprehensive General
Independent Contractors
Products/Completed
Contractual Liability
Personal Injury Liability
"XCU" Liability (if applicable)
Broad Form Property
Comprehensive Automobile
for owned, hired, and
automobiles

LIMITS:

Statutory
\$300,000 BI & PD
Included
Included
Included
Included
Included
Included
Included
\$300,000 BI & PD

6. You meet Minnesota State licensing requirements. Yes ____ No ____

MN State Building/Remodeling Contractor License Number _____

Please list municipalities in which you have secured remodeling permits within the past 3-5 years and indicate the name of the City staff person (building official or other) with whom you had the most contact.

1. _____
2. _____
3. _____

8. Provide names, addresses and telephone numbers of five customer references that we may contact as references.

1. _____
2. _____
3. _____
4. _____
5. _____

9. Provide names, addresses and telephone number of three major suppliers or sub-contractors that we may contact as references.

1. _____
2. _____
3. _____

The information contained on this form may be provided to lenders, homeowners, and others interested in participating in Richfield Remodeling Programs.

By: _____

Its: _____

Date: _____

EXHIBIT E

SUMMARY OF CONSTRUCTION COSTS AND TRANSFORMATION LOAN COMPUTATION

- 1) **Address:**
- 2) **List of Improvements:**
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
- 3)

Total Project Cost	\$
Total Eligible Costs	\$
- 4)

(Total Eligible Cost) X (15%) = Loan Amount	\$
--	----
- 5) **Date of Transformation Loan Approval:** _____

Check payable to:

EXHIBIT F

Date

«fullname»

«address»

Richfield, MN 55423

Subject: Letter of Commitment - «programe»

Dear «fullname»:

The Richfield Housing and Redevelopment Authority (HRA) has received your application for a Transformation Homes Incentive Loan and other required information.

The application documents indicate that your project cost is \$«Total_Project_Cost»; *therefore, the amount of your Transformation Homes Loan will be \$«TI_Loan_Amt»*. This loan will be a lien on your property. No interest will accrue on the loan, and the full amount will be due and payable upon the future sale of your home or if you cease to live in the home as your principal residence. If you own and live in your home for 30 years from the date of the loan closing, the loan will be forgiven.

Please contact me at 612-861-9778 to schedule a time for you to come to City Hall to sign the loan documents. It will take approximately 15 minutes. Please bring a picture ID and «mortfee» to cover closing costs (mortgage filing fee and mortgage registration tax). Once we have completed the loan closing, you may begin your project.

Sincerely,

Housing Specialist

«initials»:ttf

EXHIBIT G

SWORN CONSTRUCTION STATEMENT

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

The undersigned, hereinafter called "Contractor", being first duly sworn, as Contractor improving the property having the following address in the State of Minnesota:

deposes and states that the following are the names of all parties who had or currently have contracts or subcontracts with the Contractor, for specific portions of the work on said property and building; or who had or currently have contracts or subcontracts with the Contractor for materials or who have contributed materials at the Contractor's request entering into the construction thereof; and that the items set forth below include all labor and materials contracted by or obtained at the request of the Contractor required to complete the work according to the specifications and drawings and the contract; that there are no other contracts outstanding entered into by the Contractor or the Contractor's subcontractor(s).

**LABORERS, MATERIAL SUPPLIERS OR
SUBCONTRACTORS RETAINED BY THE
CONTRACTOR ARE IDENTIFIED BELOW:**

**LABOR PROVIDED OR
MATERIALS SUPPLIED:**

Name of Contracting Firm

Authorized Signature and Title

Subscribed and sworn before me, this _____ day of _____, 200____.

Notary Public _____

FAILURE TO INCLUDE ALL SUBCONTRACTORS AND MATERIAL SUPPLIERS IN THIS DOCUMENT COULD RESULT IN LEGAL ACTION BEING TAKEN AGAINST THE CONTRACTOR.

EXHIBIT H

Date:

Satisfaction Of Mortgage

THAT CERTAIN MORTGAGE owned by the undersigned, dated _____ executed by _____, Mortgagor to Housing and Redevelopment Authority in and for the City of Richfield, as Mortgagee, and filed for record _____ as Document Number _____ in the Office of the County Recorder of _____ County, Minnesota, is with the indebtedness thereby secured, fully paid and satisfied.

Housing and Redevelopment Authority
in and for the City of Richfield

By _____
Its Chairperson

By _____
Its Executive Director

SS.:

SS.:

SS.:

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

SS.:

SS.:

SS.:

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

Kennedy & Graven, Chartered
470 Pillsbury Center
Minneapolis, MN 55402



STAFF REPORT NO. 11
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Julie Urban, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
2/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
2/15/2017

ITEM FOR COUNCIL CONSIDERATION:

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

EXECUTIVE SUMMARY:

The Richfield Rediscovered Lot Sale Program (Lot Sale Program) sells lots to builder/buyer teams for the development of newly constructed homes. The Richfield Rediscovered Credit Program (Credit Program) contributes \$50,000 towards the private development of a newly constructed homes. The Lot Sale Program and Credit Program guidelines are tools for administering these programs. Staff periodically reviews these Guidelines and recommends changes as appropriate.

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

1. Limit a home buyer, and his/her household, to building no more than one home every seven years.
2. Establish an optional Request for Proposals process for selling a lot.
3. Eliminate the additional subsidy offered for installing sound attenuation requirements and replace it with a reduced lot sale price.

The following changes to the Credit Program Guidelines are recommended:

1. Limit a home buyer, and his/her household, to receiving no more than one Redevelopment Credit every seven years.

RECOMMENDED ACTION:

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

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- There is currently no limit to how many times a home buyer can utilize either of the Richfield Rediscovered programs. By restricting the number of times an individual home buyer, and anyone in his/her household, can purchase a lot or receive an Redevelopment Credit, the HRA limits the potential for an individual to use the Program for financial gain.
- Recently, some of the available lots have generated significant interest. In order to best manage

that interest and obtain the best possible proposal for a lot, staff recommends using a Request for Proposals process through which builder/buyer teams have a defined period of time in which to submit an application. Staff then evaluates all proposals submitted by the deadline and selects the highest ranking application. The HRA Attorney recommended adding a description of this process to the Guidelines.

- New construction located within defined airport-impact areas are required to build to higher sound attenuation standards. Because these higher standards add significantly to the cost, the HRA offered to reimburse builders for a portion of the increased cost. Staff has determined that it is more efficient to reduce lot prices to reflect this increased cost rather than offer reimbursement.

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

- The primary objectives of the Programs are to remove substandard houses and replace them with new, higher-valued, move-up housing.

C. CRITICAL TIMING ISSUES:

- None

D. FINANCIAL IMPACT:

- The proposed revisions have no financial impact on the Program.

E. LEGAL CONSIDERATION:

- The HRA Attorney provided feedback on the proposed revisions.

ALTERNATIVE RECOMMENDATION(S):

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

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ Lot Sale Program Guidelines 2017	Backup Material
□ Credit Program Guidelines 2017	Backup Material

**RICHFIELD REDISCOVERED
PROGRAM GUIDELINES
LOT SALE PROGRAM**

REVISED: March 20, 2017

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This document has been developed as a guidance tool for program administration. It should not be interpreted as constituting any contractual agreement or liability by the City or Housing and Redevelopment Authority (HRA). The HRA may modify or divert from the guidelines where it deems appropriate.

I. Program Objectives

1. To remove substandard, functionally obsolete housing on scattered sites throughout the City and replace with new, higher-valued housing.
2. To eliminate the blighting influence of substandard housing, thus improving residential neighborhoods.
3. To alleviate the shortage of housing choices for families.
4. To facilitate the construction of larger three- to four-bedroom, owner-occupied homes designed for families.
5. To facilitate the construction of multi-unit, owner-occupied homes designed to expand family opportunities or to serve elderly residents.

These objectives will be achieved through the sale of lots by the Housing and Redevelopment Authority to Builder/Buyer teams for the development of newly constructed homes.

II. Definitions

Applicant: An individual who submits an application for a Richfield Rediscovered lot. The Applicant may be a Builder or the end Buyer. If the Applicant is a Builder, an end Buyer should be identified. If the Applicant is the Buyer, the Applicant must submit a signed contract between the Builder and the Buyer to build a home on the lot identified in the application.

Buyer: An individual(s) who will build, own and occupy a new housing unit in Richfield.

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

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

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

Builder: Licensed Contractor who has signed a contract with the Buyer to build a home on the lot identified in the application.

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

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

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

Lot List: A listing of available lots for sale. Information regarding the lot location, size and sale price is provided.

III. Program Basics

1. HRA publishes a list of available vacant lots for purchase including sale price and development criteria.
2. Builder/Buyer team proposes a plan for a lot consistent with development criteria and program requirements and makes an offer to purchase.
3. HRA may issue a Request for Proposals for a specific lot(s) with a specific submittal deadline. HRA staff review all Proposals submitted by the deadline for consistency with development criteria and program requirements. The Proposal that best meets the criteria and requirements is selected to develop the lot.
4. HRA approves lot sale.
5. Lot is sold to Builder or Buyer.
6. Builder constructs new home.
7. Projects must be completed within one year of HRA approval of the project.

IV. Application Requirements

The following must be submitted for application to the program:

1. \$525 application fee
An application fee must be paid at the time of application. This fee is non-refundable and is not part of the lot price.
2. Application Form
3. Floor plans
The layout of all levels, including basement and unfinished space, must be provided.
4. Elevations
Elevations of all four sides of the house, including view of garage shall be provided. Colored renderings may also be required.
5. Site plan
The site plan shall indicate the location of the new house, walkways and garage.
6. Landscaping plan
A landscaping plan must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch) and any existing trees to be preserved.
7. Detail of construction materials to be used on the project.
8. Green Community Concepts Plan
The plan should indicate what Green Community Concepts will be incorporated into the project.
9. Construction timeline
Construction must be completed within one year of the purchase of the property.
10. Signed contract with Builder

11. Purchase agreement

If the Builder plans to purchase the lot, the application must include a valid purchase agreement between the Buyer and the Builder for the lot to be developed.

12. Financial capability statement

A statement from a financial institution indicating willingness to provide sufficient construction capital to complete the project must be provided.

13. Builder References

- a. Five previous customers
- b. Three major suppliers, one being the construction supplier
- c. Building inspectors from two cities where the Builder has constructed new housing within the past three years

14. Proof of Builder's Comprehensive General Liability with Property Damage Protection.

15. Proof of sufficient worker's compensation insurance coverage by the Builder.

16. Written warranty program

To be provided to the Buyer, which guarantees at a minimum, warranted repairs as required by Minnesota State Statute.

V. Additional Program Requirements

1. The Applicant is expected to meet with an architectural/design consultant prior to submitting an application. A two-hour consultation is available through the HRA at a cost of \$25 to the applicant. See the City's website (www.cityofrichfield.org) for more information. This requirement may be waived if the applicant is using an architect for the project.
2. The site will be sold to the Builder or Buyer at the fair market value as appears on the Lot List. The HRA will not accept offers for less than the established sale price.
3. A Contract for Private Development is signed by the HRA and the Builder or the Buyer. The Contract is a standard form which includes conditions for acquisition and development of the property. The Contract will establish a minimum required end-value for the property based on construction estimates provided by the applicant. The Builder or Buyer will be expected to agree to the terms of the Contract before the application can be scheduled on the HRA agenda.
4. The lot can be sold to either the Builder or the Buyer. If the lot is sold to the Builder, the Builder will pay cash for the lot at closing and submit a Letter of Credit or cash escrow for \$10,000. The Letter of Credit must be from a financial institution incorporated in the Twin Cities metropolitan area. The cash escrow will be held in a non-interest bearing account. The Letter of Credit or cash escrow will be released once the construction and landscape work are completed and a final Certificate of Occupancy is issued.
5. If the lot is sold to the Builder and the Builder fails to complete construction as approved by the HRA, the Letter of Credit or cash escrow may be drawn upon by the HRA. In addition, the Contract for Private Development will contain a reverter provision, which will enable the HRA to reclaim ownership of the property in the event of a default in the Contract. In the event that the Builder fails to complete construction, the HRA may exercise its rights under the reverter provision, as well as draw upon the Letter of Credit or cash escrow.
6. If the lot is sold to the Buyer, the Buyer will pay cash for the lot at closing and a \$10,000 mortgage in favor of the HRA will be filed on the property. The mortgage will be in first position. The HRA may consider subordinating its interest in appropriate cases.

7. If the lot is sold to the Buyer and the Buyer fails to complete construction as approved by the HRA, the HRA may exercise its rights provided in the mortgage.
8. A Buyer, and all members of his/her household, is limited to purchasing no more than one lot every seven years.

VI. House Design and Site Development Requirements

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

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

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

A. New House Standards

1. New dwelling must be owner-occupied.
2. Three finished bedrooms are required, at a minimum.
3. Two finished bathrooms are required, at a minimum.
4. Two-car garage is required, at a minimum.
5. A full basement is required, unless the selected design results in a split-level or a garden-level type of basement. In the case of an "accessible" house, a basement may be omitted if it would otherwise prohibit accessible design elements.

B. Site Standards

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

At a minimum, the applicant must meet the "Landscaping and Screening Requirements" in the City's Zoning Code under Section 544.03, Subd. 4, General landscaping requirements and Subd. 5, Residential sites. The code is available on the City's website: <http://www.ci.richfield.mn.us>

To the greatest extent possible, existing trees should be preserved. Any trees removed must be replaced (they do not have to be the same species or in the same location) and should be labeled on the required landscape plan.

2. Utility meters shall be screened from street view and locations must be specified on plans.

3. Site drainage should be accommodated on the site so that water is directed away from the new home and the neighboring properties. Neighboring properties must not be disturbed by the creation of drainage swales. Specific storm water management requirements may be required, as appropriate, including the addition of gutters or on-site management for specific sites. Construction and the finished structure must not have a detrimental impact on storm water drainage patterns in the neighborhood.
4. All air conditioning units must be located in the rear yard of the house, or as approved by the HRA.

C. Construction Requirements

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

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

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

D. General Standards

1. The value of the new home must meet or exceed the minimum value specified in the Contract for Private Redevelopment.
2. All homes in the Richfield Rediscovered Program must be stick-built or high-quality modular, new construction.
3. Exterior materials (siding, soffit, doors and windows) should be low-maintenance and durable. Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if properly stained or painted. Hardboard panels or hardboard lap siding are prohibited. Roof valleys must have metal valleys and not be woven.
4. Unit height and mass of the new house shall be compatible with the scale of the surrounding homes in the neighborhood.
5. Plans must present a balanced and pleasing distribution of wall, door and window areas from all views.
6. The dominance of the garage door must be minimized through placement, architectural detail, door design and utilization and design of windows. Garages, where the garage door faces the street, shall not be located closer to the front lot line than the foremost facade of the principal

building facing the front property line. Garage sidewalls that face the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the remainder of the dwelling. For lots that have alley access, the garage should be oriented to access the alley.

7. All building plans must have been prepared in consultation with an architect or qualified draftsman. All requirements by the Building Inspections Division must be met.
8. All Richfield Rediscovered houses must meet or exceed Minnesota Energy Code requirements.
9. All new homes shall be built to provide high quality sound insulation. Recommendations for sound insulation measures may be provided on a site-by-site basis. All construction must conform to sound attenuation building standards as required by Zoning Ordinance Section 541.19 for properties located within the 2007 60-62 DNL Contour and 2007 63 or greater DNL contours.
9. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.
10. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense. The HRA, as owner of the property, will, however, cooperate with the application.

E. Green Community Concepts

Priority will be given to projects incorporating the green community concepts listed below. Any concepts the applicant would like considered during the application process should be explained in a written plan submitted with the application. A \$5,000 rebate will be provided to the Applicant for projects that obtain certification through LEED for Homes, Minnesota GreenStar or Minnesota Green Communities.

1. *Protect and conserve water and soil.* To reduce water consumption, consider the use of water-conserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.
2. *Minimize energy consumption.* Reduce energy consumption by taking advantage of natural heating, cooling and day lighting, and by using energy-efficient appliances, equipment and lighting.
3. *Enhance indoor environmental quality.* Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
4. *Use environmentally-preferable materials and resources.* Use locally-produced, salvaged and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
5. *Reduce waste.* Reduce and manage wastes generated during the construction process and operation of buildings. If demolition occurs, sort and recycle leftover materials and debris.

VII. City Review Procedure

1. Applicant reviews proposed project with HRA staff before plans are finalized.

2. Applicant submits application, plans, and application fee at least 45 days prior to the HRA meeting.
3. An application is considered to be received when delivered personally to HRA staff in a pre-arranged meeting. If more than one application is submitted for a lot within five-working days, all applications will be reviewed, and the application that best meets the program guidelines will be selected. The application fee will be returned to the Applicant whose proposal was not selected. Following this five-day period, the lot will be considered reserved by the selected application and no additional applications will be accepted for the proposed lot while the application is being processed.
4. If an application is determined to be incomplete, the applicant will have 30 days to submit a complete application. If a complete application is not received within 30 days, the application will be rejected and the lot will be made available for new applications.
5. HRA staff review application to ensure conformance with House Design and Site Development Requirements.
6. HRA staff may reject or accept an application at its sole discretion.
7. HRA staff may choose to issue a Request for Proposals (RFP) for a lot. In this case, Staff issues an RFP, giving a specific time period within which proposals may be submitted. HRA staff review all proposals for consistency with development criteria and program requirements. The proposal that best meets the criteria and requirements is selected to develop the lot. The applicant will have 30 days to submit a complete application. If a complete application is not received within 30 days, the application will be rejected. Staff may elect to award the lot to another submitted proposal or solicit additional proposals.
8. The Builder or Buyer executes a Contract for Private Redevelopment.
9. An application is determined to be complete at least three weeks prior to the HRA meeting.
10. HRA staff publishes a legal notice of the public hearing and prepares a report and recommendation for the HRA.
11. HRA reviews application, conducts a public hearing, and takes action at the HRA meeting.
12. If approved, the Contract for Private Redevelopment is executed by the HRA.

VIII. Lot Sale to Builder or Buyer

1. Upon approval of the application by the HRA, a closing will be scheduled between the HRA and the Builder or Buyer.
2. The HRA will prepare all statements, affidavits, documents, and general release forms required for closing.
3. The Builder applies for a building permit prior to closing. The Builder is responsible for acquiring the necessary building permits with the City of Richfield Building Inspections Division. If changes to the plans are required by the Inspections Division, the applicant must notify HRA staff.
4. The Applicant provides evidence to HRA staff that all requirements to proceed with construction, as determined in the Contract for Private Redevelopment, have been met.

5. The HRA conveys the property to the Builder or Buyer by Quit Claim Deed. The site will be sold to the Builder or Buyer at the fair market value as appears on the Lot List.
6. At closing with the Builder, the Builder provides a Letter of Credit or cash escrow for \$10,000 to the HRA.
7. At closing with the Buyer, the Buyer signs a mortgage and promissory note for \$10,000 in favor of the HRA.
8. Upon completion of the project, the Letter of Credit or cash escrow is released to the Builder or the Buyer's mortgage is released. A Certificate of Completion is executed by the HRA, releasing the obligations of the Contract for Private Redevelopment.

IX. Program Marketing

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

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

A program information package will be mailed to all interested participants. The information packet may include the following:

1. Lot List
2. Richfield Rediscovered Lot Sale Procedural Guidelines
3. Application Form
4. Sample Contract for Private Redevelopment

X. Data Privacy

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

RICHFIELD REDISCOVERED
PROCEDURAL GUIDELINES
REDEVELOPMENT CREDIT PROGRAM

Revised: March 20, 2017

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

I. Program Objectives

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

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

II. Definitions

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

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

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

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

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

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

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

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

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

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

III. Program Basics

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

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

IV. Application Requirements

The following must be submitted for application to the program:

1. \$525 application fee
An application fee, in the form of a certified cashier's check made out to the Richfield HRA, must be paid at the time of application. This fee is non-refundable and is not part of the lot price.
2. Project Information Sheet
3. Purchase agreement
The Buyer must present a valid purchase agreement for the lot it proposes to redevelop. The closing must be scheduled after the date of the HRA meeting.
4. Blueprints
The layout of all levels, including basement and unfinished space, must be provided.
5. Elevations
Elevations of all four sides of the house, including view of garage shall be provided.
6. Site plan
The site plan shall indicate the location of the new house, walkways and garage.
7. Landscaping plan
A landscaping plan may be hand-drawn by the applicants, but must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch). The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.
8. Green Community Concepts Plan
The plan should indicate what Green Community Concepts will be incorporated into the project.
9. Detail of construction materials to be used on the project.
10. Construction timeline
Construction must be completed within one year of the purchase of the property.
11. Signed contract with Builder
12. Financial capability statement
 - a. A statement from a financial institution indicating willingness, with standard contingencies, to provide sufficient construction capital to complete the project.

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

V. Securing a Site

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

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

VI. Property Evaluation Considerations and Procedures

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

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

Criteria A

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

Criteria B

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

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

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

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

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

VII. House Design and Site Development Requirements

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

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

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

A. New Home Standards

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

B. Site Standards

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

At a minimum, the applicant must meet the “Landscaping and Screening Requirements” in the City’s Zoning Code under Section 544.03, Subd. 4, General landscaping requirements and

Subd. 5, Residential sites. The code is available on the City's website: <http://www.cityofrichfield.org>.

To the greatest extent possible, existing trees should be preserved. Any trees removed must be replaced (they do not have to be the same species or in the same location) and should be labeled on the required landscape plan.

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

C. Construction Requirements

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

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

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

D. General Standards

1. The value of the new home must meet or exceed the minimum value specified in the Contract for Private Redevelopment.
2. All homes in the Richfield Rediscovered Program must be stick-built or high-quality modular, new construction.
3. Exterior materials (siding, soffit, doors and windows) should be low-maintenance and durable. Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if properly stained or painted. Hardboard panels or hardboard lap siding are prohibited. Roof valleys should have metal valleys and not be woven.
4. Unit height and mass of the new house shall be compatible with the scale of the surrounding homes in the neighborhood.

5. Plans must present a balanced and pleasing distribution of wall, door and window areas from all views.
6. The dominance of the garage door must be minimized through placement, architectural detail, door design and utilization and design of windows. Front-loaded garages (where the garage door faces the street), shall not be located closer to the front lot line than the foremost facade of the principal building facing the front property line. Garage sidewalls that face the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the remainder of the dwelling. For lots that have alley access, the garage should be oriented to access the alley.
7. All building plans must have been prepared in consultation with an architect or qualified draftsman. All requirements by the Building Inspections Division must be met.
8. All Richfield Rediscovered houses must meet or exceed Minnesota Energy Code requirements.
9. All new homes should be built to provide high quality sound insulation. Recommendations for sound insulation measures may be provided on a site-by-site basis. All construction must conform to sound attenuation building standards as required by Zoning Ordinance Section 541.19 for properties located within the 2007 60-62 DNL Contour and 2007 63 or greater DNL contours.
10. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.
11. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense.

E. Green Community Concepts

Priority will be given to projects incorporating the green community concepts listed below. Any concepts the applicant would like considered during the application process should be explained in a cover letter submitted with the application.

1. *Protect and conserve water and soil.* To reduce water consumption, consider the use of water-conserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.
2. *Minimize energy consumption.* Reduce energy consumption by taking advantage of natural heating, cooling and day lighting, and by using energy-efficient appliances, equipment and lighting.
3. *Enhance indoor environmental quality.* Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
4. *Use environmentally-preferable materials and resources.* Use locally-produced, salvaged and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
5. *Reduce waste.* Reduce and manage wastes generated during the construction process and operation of buildings. When demolition occurs, consider the sorting and recycling of leftover materials and debris.

VIII. City Review Procedure

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

IX. Disbursement of Funds

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

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

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

X. Solicitation of New Development Proposals

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

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

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

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

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

XI. General Program Marketing

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

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

XII. Data Privacy

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



STAFF REPORT NO. 12
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Julie Urban, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
3/13/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
3/14/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of recommended revisions to the New Home Program Guidelines.

EXECUTIVE SUMMARY:

The New Home Program (Program) develops new housing opportunities for low- and moderate-income families, elderly, and disabled persons. Through the Program, the Housing and Redevelopment Authority (HRA) partners with non-profit housing developers to either construct new or rehabilitate existing housing, making it available to households earning less than 80 percent of the Twin Cities Area Median Income (AMI). The guidelines are periodically reviewed and changes recommended, as appropriate.

The following changes to the Program Guidelines are recommended:

1. Clarify that the Program objectives include rehabilitating existing homes and developing homes with long-term affordability, to the greatest extent possible.
2. Update substandard property selection and evaluation procedures.
3. Define the mechanisms used to ensure long-term affordability.

RECOMMENDED ACTION:

By Motion: Approve the recommended revisions to the New Home Program Guidelines.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Program was created by the HRA in 1975 to help eliminate substandard residential properties in the City, while providing additional housing affordable to moderate income families. For many years, the primary focus of the Program has been to construct new housing (41 new homes were built between 1990 and 2016); however, the decline in available houses suitable for demolition and the increased costs of new construction have led the HRA to focus resources on rehabilitating the existing housing stock.
- While the rehabilitation of properties has always been a part of the Program, the Guidelines have been geared towards new construction. The revised Guidelines more accurately reflect how the Program is currently administered.

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

- The Program objectives are to eliminate substandard housing and improve neighborhoods,

maintain and improve the existing housing stock while maintaining housing affordability, develop quality housing with long-term affordability, and to work with developers to provide affordable housing for families.

C. CRITICAL TIMING ISSUES:

- None

D. FINANCIAL IMPACT:

- The proposed revisions have no financial impact on the administration of the Program.

E. LEGAL CONSIDERATION:

- The Guidelines provide a tool for consistent administration of the Program and should reflect current practices.

ALTERNATIVE RECOMMENDATION(S):

- Commissioners may choose to not revise the New Home Program Guidelines.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ New Home Program Guidelines Revised 032017	Backup Material

NEW HOME PROGRAM
PROCEDURAL GUIDELINES

Revised: March 20, 2017

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Statement of Purpose
Program Objective
Definitions
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Solicitation for Willing Sellers
Property Evaluation Procedures
Property Selection and General Procedures
Developer and End Buyer Approval Criteria
House Design and Site Development Requirements
Contractual Relationship with Developer
Plan Review
Sale to Developer
Long-term Affordability
General Program Marketing
Exhibits

New Home Program Procedural Guidelines

Statement of Purpose

The goal of the Richfield New Home Program (NHP) is to develop new housing opportunities for low and moderate income families, elderly, and disabled persons.

Program Objectives

-) To eliminate the blighting influence of substandard housing, thus improving residential neighborhoods.
-) To maintain and improve the existing housing stock while maintaining housing affordability.
-) To develop quality housing with long-term affordability, to the greatest extent possible.
-) To coordinate with developers to provide affordable housing for families.

These objectives will be achieved through both the removal of substandard property and construction of new homes, and the rehabilitation/remodeling of existing homes.

Program Outcomes

-) Remove and replace or substantially rehabilitate neglected, substandard, very small, and otherwise unsafe properties on scattered sites throughout the City.
-) Spur neighborhood investment with new construction or substantial rehabilitation.
-) Sell homes to families that may not otherwise be able to buy in Richfield.
-) Provide homebuyers, particularly first time homebuyers, with home ownership opportunities in Richfield.
-) Expand the mix of housing choices available in Richfield.
-) Create housing with long-term affordability.
-) Develop relationships with nonprofits, school building programs, for profits, and other builders or developers to encourage them to invest in Richfield.
-) Maintain and improve housing stock in Richfield.
-) Leverage city investment with developer's investment in each project.
-) Expand tax base with higher value homes.

Definitions

Contract for Private Development ("Contract") - The contract which is filed against the property and governs the condition of the sale of the lot; the contract and all other construction documents.

Developer - Developer or Builder who has entered into a Contract with the HRA to purchase a specific lot or lots and develop them with new homes.

End Buyer - The buyer of a new house sold by a Developer.

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

Seller - The voluntary Seller of a property purchased by the HRA for redevelopment.

Voluntary Acquisition - The purchase (acquisition) of real property which results from a voluntary proposal to sell from an owner in response to an invitation or solicitation for offers.

Data Privacy

All information secured through the program is subject to the Data Privacy Act.

Solicitation of Willing Sellers

1. HRA staff will solicit for Sellers by direct mail, advertisement, or other method. The number of properties purchased will be determined by the availability of resources and properties available for voluntary sale.
2. Sale to the HRA occurs on a voluntary basis. Interested Sellers are required to respond to the HRA solicitation in writing, with an offer indicating:
 - a) An interest in selling their property to the HRA.
 - b) A willingness to waive relocation benefits.
 - c) Statement of tenant interest in the property at the time of offer.

Property Evaluation Procedures

Properties will be evaluated based on the following criteria. To be eligible for acquisition, properties must meet at least one of the four conditions under Criteria 1 (a, b, c or d), and must meet all Criteria 2 through 4.

1. The property is:
 - a) Substandard as to condition, size or usage; or
 - b) An obsolete design for the block and area in which it is located; or
 - c) Deteriorated such that it has caused blight to other adjoining properties; or
 - d) Detrimental to the safety or health of abutting properties on the block.
2. For new home construction, the site can be redeveloped with a new home within city code requirements, including zoning and conformance with the Comprehensive Plan.

The property is reviewed in context with other redevelopment projects and does not cause a negative impact.

3. The purchase and redevelopment of the property is financially feasible for the HRA.

Property Selection and General Procedures

Based on the above information, HRA staff will identify the best candidates for acquisition. The following criteria will be considered in further evaluation, each on a case by case basis. The number of acquisitions by the HRA is determined by available resources.

1. Property acquisition priorities will be guided by the following items.
 - a) Properties must be available to meet the HRA development time frame.
 - b) Properties with one or more of the following characteristics should be considered first:
 - i) lowest values
 - ii) poorest visible conditions
 - iii) historically troublesome properties
 - c) Properties purchased will be geographically distributed as much as possible.
2. Once a Letter of Intent from the property owner has been received, HRA staff will contact the Seller and arrange an interior inspection.
3. If the HRA chooses to continue with the acquisition, a fee appraisal will be ordered to aid in determining the purchase price of the property from the Seller and the reuse value of the vacant lot.
4. Special considerations during the acquisition process will include:
 - a.) Vacant properties—these will be considered for acquisition, whether homestead or non-homestead.
 - b.) Tenant occupied property will be considered on a case by case basis.
 - c.) Property expenses related to maintenance, taxes, and insurance should be minimized since the HRA does not intend to retain title to the property.
 - d.) Review appraisal services may be part of the negotiating process to determine the purchase price if the fee appraisal report values the property below the current assessor's market value.
 - e.) Negotiated prices considerably below the assessor's market value may be accepted without appraisal, on a case by case basis, if the Seller concurs.
5. Once a negotiated price has been reached, a Purchase Agreement, including a "Waiver of Relocation Benefits" form, must be executed by the Seller for the acquisition process to continue. The relocation benefits which the Seller agreed to waive must be clearly explained. The Seller will be informed of the following:
 - a.) Purchase price;
 - b.) How the purchase price was determined.
 - c.) If negotiations fail, and the offer is not accepted, the HRA will not acquire the property.
6. The Richfield Planning Commission must determine whether the acquisition and disposition of the property is in conformance with the Richfield Comprehensive Plan. (This is an administrative finding that does not require public hearing).
7. At the appropriate times, the HRA will be requested to authorize:
 - a.) Purchase Agreements
 - b.) Contracts for Private Development

c.) Public Hearing and Disposition to Developer and/or End Buyer

Developer Approval Criteria

Private Developers will be approved by the HRA to construct or rehabilitate/remodel single family homes on identified lots. Upon receipt of a proposal, HRA staff will evaluate the Developer based on the following requirements:

1. Demonstrated capability and capacity, financially and managerially/supervisory.
2. Demonstrated trustworthy reputation.
3. Demonstrated state contractor's license.
4. Approval of preliminary plans submitted for HRA design review.
5. Agreement with the terms of the Contract. A draft copy of the Contract will be provided upon request. The Developer must execute the Contract by the time of the land sale from the HRA to the Developer.
6. Agreement to complete construction within the time frame specified in the Contract. Every effort must be made to complete construction and achieve occupancy within (150) days of closing with the HRA.

House Design and Site Development Requirements

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

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

The HRA reserves the right to reject any proposal.

1. Site Standards:
 - a) A landscape plan is required unless the HRA completes the landscaping separately. The entire grounds shall be finish landscaped to be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining property. Specific lot line blending requirements may be added, as appropriate, for specific sites.

- b) Utility meters shall be screened from street view; locations must be specified on plans.
- c) Site drainage shall be accommodated on the site so that water is directed away from the Property and the neighboring properties. Neighboring properties should not be disturbed to create drainage swales. Specific storm water management requirements may be added, as appropriate, including gutters for specific sites.
- d) Existing trees shall be preserved whenever possible. Care should be taken to preserve existing root systems.
- e) The construction site, neighboring property(s) and adjacent public streets shall be kept free of construction debris at all times.
- f) All air conditioning units must be located in the rear yard of the house or as approved by the HRA.
- g) No construction workers, construction equipment or construction material shall enter neighboring properties.

2. Building Standards

- a) Plans should allow for future basement finishing with a roughed-in bath and additional bedroom or living space, including appropriately placed egress window(s).
- b) A covered entry to dwelling and garage space should be provided.
- c) The appearance of the new development is to blend with existing developments on block as much as possible, paying attention to such details as roof pitch, setbacks, house style, etc.
- d) Attention must be given to details such as exterior window trim, muntins, type and style of siding, and durability of all house components.
- e) Plans must present a balanced and pleasing distribution of wall, door and window areas from all views. Windows that are double hung in style or appearance with muntins (window pane grids) are preferred, especially on the street-facing elevations. Garage door dominance in design must be minimized.
- f) Exterior materials (siding, soffit, doors and windows), should be low maintenance and durable. Masonite siding is not acceptable. Roof valleys should not be woven, but have metal valleys.
- g) A garage, attached or detached, must be provided on the site.
- h) Unit height and mass of new homes shall be compatible with the scale of the surrounding neighborhood.
- i) A full basement shall be provided in the house unless the selected design results in a split level or garden level type of basement.
- j) All building plans must be prepared in consultation with an architect or qualified draftsman.
- k) All homes must meet or exceed Minnesota Energy Code requirements.
- l) Recommendations for sound insulation measures may be provided on a site by site basis. All new homes should be built to provide high quality sound insulation.

Contractual Relationship with Developer

1. For sites sold to Developers, the determination of value process considers independent appraisal, current market trends, and the affordability of the finished home.

2. A standard form Contract will be presented to the Developer for consideration. The Contract includes conditions for acquisition, demolition and redevelopment of property. The selected Developer will be required to execute a Contract for each property being redeveloped.
3. The following items specified in the Contract may require discussion and negotiation with the Developer:
 - a) Construction start and completion dates.
 - b) Design
 - c) Design and Site Development Requirements
4. The HRA will be requested to authorize the following:
 - a) Property purchases from Sellers
 - b) Purchase Agreements
 - c) Contracts
 - d) Sales to Developers after a public hearing
5. Following HRA authorization of these items, a closing will be scheduled between the HRA and Developer.

Plan Review

1. The Developer must provide one set of plans to HRA staff.
2. HRA staff will review all plans to ensure conformance with House Design and Site Development Requirements. Each plan review by HRA staff will be completed in a timely manner. Each plan submitted will be processed individually. If any element of the plan is in conflict with the design requirements, HRA staff will notify the Developer and the Building Official. The Building Official's plan review is independent of the HRA.
3. The Developer must submit revised plans for final approval unless resolved to the satisfaction of the HRA by modification to original copy of the plans.

Sale to Developer

The following will be required at the closing sale between the HRA and the Developer:

1. The HRA will convey the Property to the Developer by Quit Claim Deed.
2. The Developer must evidence that all Contract requirements to proceed with construction have been met, and that all construction documents have been provided. This includes but is not limited to insurance documents. Any required Letter of Credit must be from a local Minneapolis/St. Paul metropolitan area financial institution.
3. The Developer will pay to the HRA, upon sale of the property to the End Buyer, the price of the vacant, as identified in the Contract.
4. The HRA will prepare all documents required for closing, unless the parties agree otherwise.

5. A “Completion Cash Escrow” will be required for all properties not completed by closing to the End Buyer (e.g. landscaping, driveways, steps). A Certificate of Completion will not be released without the escrow and the finalized escrow agreement.

Long Term Affordability

Every effort will be made to ensure long-term affordability. Mechanisms may include, but are not limited to:

1. Sale of the property to a land trust.
2. Required use of purchase assistance funding in the form of a no interest, deferred loan, that is due and payable when the buyer sells the property or upon maturity. (Exhibit A – Homebuyer Assistance Guidelines, Exhibit B - Note, Exhibit C - Mortgage)
3. Required resale of the property to an income-qualified buyer.
4. Right of first refusal to buy back the property and resell it to an income-qualified buyer. (Exhibit D)

General Program Marketing

Program marketing is entirely at the discretion of the HRA. It may include the following:

1. End Buyer Solicitation. The HRA may market the program to End Buyers through promotional articles, direct mail, the Internet, or other methods as deemed appropriate. End Buyers may be any financially eligible family. The HRA is a Fair Housing agency.
2. Developer Solicitation. The HRA may market the program to Developers by advertising in professional publications or newspapers, by direct mail, or other methods as deemed appropriate.

EXHIBITS

- A. Homebuyer Assistance Guidelines
- B. Promissory Note
- C. Mortgage
- D. Right of First Refusal

Exhibit A

Richfield Housing and Redevelopment Authority Community Development Block Grant Homebuyer Assistance Program Guidelines

1. Program Summary:

The Community Development Block Grant (CDBG) Homebuyer Assistance Program provides up to \$15,000 in down payment and closing cost assistance. The minimum amount of Homebuyer Assistance is \$5,000.

2. Loan terms:

- a) Zero percent interest.
- b) No monthly payment.
- c) The loan is due and payable upon any of the following occurring, whichever comes first:
 - i. Home is sold;
 - ii. Ownership of home is transferred;
 - iii. Home is not the Borrower's principal place of residency within sixty (60) days of closing;
 - iv. Home is not maintained as the Borrower's principal place of residence; and
 - v. 30 years from the date of the mortgage.
- d) These loans are considered a "Special Mortgage" under the terms of Minn. Stat. Section 58.13(23). If the Borrower chooses to refinance their primary loan and pay off this mortgage, the Borrower will be required to provide proof of the completion of the counseling described in Minn. Stat. Section 58.13(23) prior to receiving a satisfaction of mortgage.
- e) The Greater Metropolitan Housing Corporation ("GMHC") administers the loan program, but the Mortgagee is the Housing and Redevelopment in and for the City of Richfield ("HRA").

3. Loan amount:

- a) The Borrower may receive up to \$15,000 to help pay closing costs and/or a down payment to help them qualify for their primary mortgage. The minimum amount of Homebuyer Assistance is \$5,000. The Borrower may receive all the money necessary to help them qualify for their primary mortgage loan and, whenever possible, to bring the housing ratio (principal, interest, taxes, mortgage insurance, and homeowner's insurance compared to income) to 30%,

4. Use of funds

The funds may be used for a down payment and normal and usual closing costs. The Borrower may not receive any portion of these funds as cash.

5. Eligible Properties:

Properties built or renovated with CDBG funds from the HRA.

6. Borrower Eligibility:

- a) Must be a US Citizen or be a legal US Resident (have legal immigration status).
- b) The Borrower's household income must not exceed 80% of the metropolitan area median income.
- c) The Borrower must have applied and qualify for and receive a traditional (prime or A-rated) fixed-rate first mortgage loan.
- d) Prior to approval of the assistance, income eligibility will be determined by GMHC using the definition of income found at 24 CFR Part 5.609. Household income refers to the annual projected income from the date of the Certification Application, from all sources and before taxes and withholding of all adults that will live in the housing unit. Gross income includes, but is not limited to salary, commissions, bonuses, earnings from full or part-time employment, interest, dividends, tips, gains on sale of securities, annuities, pension, royalties, veterans administration compensation, net rental income from all sources, alimony, child support, public assistance, sick pay, social security benefits, income from assets, business activity or investments, unemployment, estate or trust income and miscellaneous income. (Note: Only \$480 of the income from full-time adult students is counted.)

The income from any of the following assets with a value over \$5,000 will be computed as the greater of 1) actual interest income; and 2) imputed income based on the percentage rate established by HUD from time to time (currently six tenths percent (.06%)):

-) Cash in Checking and Savings Accounts;
 -) Certificates of Deposit;
 -) Retirement accounts such as IRAs, 401Ks and Deferred Compensation the Borrower has access to;
 -) Investment accounts, i.e., securities, stocks/bonds and U.S. Savings Bonds;
 -) Life Insurance death benefits.
 -) Redemption value of Life Insurance Policies; and/or
 -) The current market value of all interests in real estate minus the current loan amount and cost to sell the property.
- e) The Borrower does not have to be a first time buyer.
 - f) The CDBG assisted property must be the primary residence of the Borrower.
 - g) The Borrower must occupy the property within 60 days following the closing, or in the case of a property that will be rehabilitated after closing, within 60 days following completion of construction.
 - h) The Borrower must contribute a minimum of \$1,000 of his/her/their own funds as down payment on the property.

- i) The Borrower must have a housing ratio (principal, interest, taxes, mortgage insurance, and homeowner's insurance compared to income) of 30% or less after all assistance has been applied. Borrowers who have a housing ratio in excess of 30% but no greater than 35% must show mitigating factors in order to qualify for a loan (e.g. housing is the only debt).
- j) The Borrower may have a cosigner that does not occupy the property, however, the cosigner must sign an affidavit attesting that they will not reside at the property.

7. Homeownership Counseling:

First time home buyers must complete homeownership counseling through the Home Stretch counseling program sponsored by the Minnesota Home Ownership Center (telephone 651-659-9336 or online at www.hocmn.org) or a comparable approved counseling program prior to closing of the loan.

8. Combining funds:

- a) Eligible primary financing:
 - i. The loan may be offered in connection with any fixed-rate FHA, VA, Fannie Mae, or Freddie Mac insured or uninsured loan product that is generally considered in the lending industry to be a "prime" or "A" lending product.
 - ii. This loan may not be used with sub-prime lending products.
- b) CDBG Homebuyer Assistance loan funds may be combined with other assistance programs to provide greater opportunity for the Borrower to secure the purchase of a home.

9. Loan security

- a) The CDBG Homebuyer Assistance loan funds will be secured by a Promissory Note and Mortgage.
- b) The loan may be secured in a subordinate lien position behind other program funds.
- c) Title insurance is required.

Exhibit B

PROMISSORY NOTE

\$ _____

Richfield, Minnesota

_____, ____

FOR VALUE RECEIVED, the undersigned _____, (the "Borrower", whether one or more), jointly and severally agree(s) to pay to the order of the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD (the "Holder" or "HRA"), at 6700 Portland Avenue, Richfield, Minnesota 55423, or at such other place as the Holder, or its assigns, may from time to time designate, the principal sum of _____ Dollars (\$ _____). No interest shall accrue on the unpaid principal balance. The principal balance shall be payable in coin or currency which at the time of payment is legal tender for the payment of public or private debts in the United States of America. This Note evidences a loan, which includes all extensions, renewals, modifications and substitutions ("Loan").

1. SECURED BY MORTGAGE. This Note is secured by a mortgage (the "HRA Mortgage") on certain real property situated in Hennepin County, Minnesota (the "Property"). The Property is the Collateral for the repayment of the loan evidenced by this Note. All of the terms, conditions, and agreements of the HRA Mortgage are hereby made a part of this instrument to the same extent and with the same force and effect as if fully set forth herein.
2. MATURITY DATE; PREPAYMENT.
 - 2.1. All unpaid principal and all other amounts due under this Note shall be due and payable in full on _____, 20__, (the "Maturity Date") or upon the occurrence of an Event of Default (as defined below) unless extended in writing by the Holder.
 - 2.2. Borrower has the option to prepay all or any part of this Note at any time, without penalty.
3. DEFAULT.
 - 3.1. Borrower shall be in default upon the occurrence of any of the following events, circumstances or conditions ("Events of Default"):
 - A. Failure by any party obligated on this Note or the HRA Mortgage to make payment when due; or
 - B. A default or breach by Borrower or any co-signer, endorser, surety, or guarantor under any of the terms of this Note or the HRA Mortgage; or
 - C. When Borrower no longer uses the Property as Borrower's principal residence, or leases, sells, transfers, pledges, or conveys (voluntarily or by operation of law) all or any part of Borrower's interest in the Property. However, the following shall not constitute a default under this subsection:
 - i. a transfer of a portion of the Property in or under threat of eminent domain proceedings shall not be considered a sale under this paragraph unless it is a total taking in the sense that payment is made for the full value of the Property;

ii. transfer of the Property by foreclosure or deed-in-lieu of foreclosure or assignment of the HRA Mortgage to the Secretary of Housing and Urban Development;

or

D. The dissolution or insolvency of, the appointment of a receiver by or on behalf of, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against any individual Borrower, or any co-signer, endorser, surety or guarantor of this Note or any other obligations Borrower has with the Holder.

3.2 It is agreed that time is of the essence in performance of this Note and on or after the occurrence of an Event of Default, at the Holder's option, all or any part of the amount owing on this Note shall be immediately due and payable without notice or demand. The Holder may exercise all rights and remedies provided by law, equity, this Note and the HRA Mortgage. By choosing any remedy, the Holder does not waive its right to an immediate use of any other remedy if the Event of Default continues or occurs again. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other remedy under this Note. A waiver on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on a future occasion.

5. BORROWER'S AGREEMENTS.

5.1. Regarding this Note, to the extent not prohibited by law, Borrower and any other signers:

- A. Waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor.
- B. Consent to any renewals and extensions for payment on this Note, regardless of the number of such renewals or extensions.
- C. Consent to the Holder's release of any borrower, endorser, guarantor, surety, accommodation maker or any other co-signer.
- D. Consent to the release, substitution or impairment of any Collateral.
- E. Consent that Borrower is authorized to modify the terms of this Note or any instrument securing, guaranteeing or relating to this Note.
- F. Consent to any and all sales, repurchases and participations of this Note to any person in any amounts and waive notice of such sales, repurchases or participations of this Note.

5.2. Borrower promises to pay to the Holder, in addition to the amount due hereon, the reasonable costs and expenses (including attorney fees) incurred in enforcing or foreclosing this Note, the HRA

Mortgage, or any of the related documents executed by Borrower therewith, and all such costs and expenses shall be secured by the HRA Mortgage.

6. GENERAL PROVISIONS

- A. TIME IS OF THE ESSENCE. Time is of the essence in Borrower's performance of all duties and obligations imposed by this Note.
- B. NO WAIVER BY HOLDER. The Holder's course of dealing, or forbearance from, or delay in, the exercise of any of the Holder's rights, remedies, privileges or right to insist upon Borrower's strict performance of any provisions contained in this Note, or other loan documents, shall not be construed as a waiver by the Holder, unless any such waiver is in writing and is signed by the Holder.
- C. AMENDMENT. The provisions contained in this Note may not be amended, except through a written amendment that is signed by Borrower and the Holder.
- D. INTEGRATION CLAUSE. This written Note and all documents executed concurrently herewith, represent the entire understanding between the parties as to the obligations and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.
- E. FURTHER ASSURANCES. Borrower agrees, upon the Holder's request and within the time the Holder specifies, to provide any information, and to execute, acknowledge, deliver and record or file such further instruments or documents as the Holder may require to secure this Note or confirm any lien.
- F. GOVERNING LAW. This Note shall be governed by the laws of the State of Minnesota, provided that such laws are not otherwise preempted by federal laws and regulations.
- G. FORUM AND VENUE. In the event of litigation pertaining to this Note, the forum, venue and place of jurisdiction shall be the State of Minnesota, unless otherwise designated in writing by the Holder or otherwise required by law.
- H. SUCCESSORS. This Note shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the parties; provided however, that Borrower may not assign, transfer or delegate any of the rights or obligations under this Note.
- I. NUMBER AND GENDER. Whenever used, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.
- J. DEFINITIONS. The terms used in this Note, if not defined herein, shall have their meanings as defined in the other documents executed contemporaneously or in conjunction with this Note.
- K. PARAGRAPH HEADINGS. The headings at the beginning of any paragraph, or any subparagraph, in this Note are for convenience only and shall not be dispositive in interpreting or construing this Note.
- L. IF HELD UNENFORCEABLE. If any provision of this Note shall be held unenforceable or void, then such provision to the extent not otherwise limited by law shall be severable from the remaining provisions and shall in no way affect the enforceability of the remaining provisions nor the validity of this Note.

M. NOTICE. All notices under this Note must be in writing. Any notice given by the Holder to Borrower will be effective upon personal delivery or 24 hours after mailing by first class United States mail, postage prepaid, addressed to Borrower at the address indicated on page one of this Note. Such address may be changed by written notice to the other party.

7. RECEIPT OF COPY. Borrower acknowledges that Borrower has read and received a copy of this Note by its signature below.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and year first above written.

_____, Borrower

_____, Borrower

Exhibit B

Legal Description of the Property:

Property Identification:

Mailing Address:

Purchased by on .

Exhibit C

MORTGAGE (NO INTEREST) CDBG HOMEBUYER ASSISTANCE PROGRAM

(THIS MORTGAGE IS EXEMPT FROM THE PAYMENT OF MORTGAGE REGISTRATION TAX UNDER MINN. STAT. § 287.04(F) IN THAT THE MORTGAGE RELATES TO A LOAN MADE UNDER A LOW AND MODERATE INCOME HOUSING PROGRAM BY A LOCAL GOVERNMENT AGENCY.)

THIS MORTGAGE is made this day of between the Mortgagor, , a (“Borrower”), and the Mortgagee, HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD (“HRA”), a public body corporate and politic under the laws of the State of Minnesota, whose address is 6700 Portland Avenue, Richfield, Minnesota 55423 (“City”).

WHEREAS, Borrower is indebted to HRA in the principal sum of and 00/100 Dollars (\$), which indebtedness is evidenced by Borrower's promissory note dated (“Note”), a copy of which is attached as Exhibit A, with the balance of indebtedness, if not sooner paid pursuant to the terms of the attached Note, due and payable on (the “Maturity Date”). All of the terms, conditions, and agreements of the Promissory Note are hereby made a part of this instrument to the same extent and with the same force and effect as if fully set forth herein.

TO SECURE to HRA the repayment of the indebtedness evidenced by the Note and the performance of the covenants and agreements of Borrower herein contained, Borrower does hereby grant and convey to HRA, forever, with power of sale, the real property located in the County of Hennepin, State of Minnesota, legally described on the attached Exhibit B, which has the address , Richfield, Minnesota (the “Property Address”);

TOGETHER with all the buildings, improvements, fixtures and equipment now or hereafter attached to the property including, but not limited to, all heating, air conditioning, ventilation, plumbing, cooling, electrical and lighting fixtures and equipment, all landscaping, all exterior and interior improvements, all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights, profits, water, water rights, and water stock, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage, and all of the foregoing, together with said property are herein collectively referred to as the “Property”.

Borrower covenants that Borrower is lawfully seized of the Property and has the right to grant and convey the same; that the Property is free from all encumbrances, except for a first mortgage in favor of , its successors and assigns; and that the Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to declarations, easements or restrictions of record, if any.

Borrower represents that all statements made in any certificate or other statement given by Borrower to obtain the loan secured by this Mortgage are true and correct.

For and in consideration of the terms herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Borrower and HRA covenant and agree as follows:

1. Payment of Principal. Borrower shall promptly pay when due the principal and interest of the indebtedness evidenced by the Note.

2. Charges; Liens. Borrower shall pay all taxes and assessments now due or that may hereafter become liens against the Property before penalty attaches thereto.

3. Hazard Insurance. Borrower shall keep all buildings, improvements and fixtures now or later located on or a part of the Property insured against loss by fire, hazards within the term "extended coverage," vandalism, malicious mischief, and other hazards as the HRA may require and in at least the amount of the replacement cost at all times while any amount remains unpaid under this Mortgage and any prior liens.

Each insurance policy shall contain a loss payable clause in favor of the HRA affording all rights and privileges customarily provided under the so-called standard mortgage clause. In the event of damage to the Property by fire or other casualty, Borrower shall promptly give notice of such damage to HRA and the insurance company. The insurance shall be issued by an insurance company or companies licensed to do business in the State of Minnesota and acceptable to HRA. The insurance policies shall provide for not less than 30 days written notice to HRA before cancellation, non-renewal, termination, or change in coverage, and Borrower shall deliver to HRA a duplicate original or certificate of such insurance policies.

Unless HRA and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration of the property damaged, provided such restoration or repair is economically feasible and the security of this Mortgage is not thereby impaired. If restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to HRA within 30 days from the date notice is mailed by HRA to Borrower that the insurance carrier offers to settle a claim for insurance benefits, HRA is authorized to collect and apply the insurance proceeds at HRA's option either to restoration or repair of the Property or to the sums secured by this Mortgage. However, this mortgage is subordinate to the first mortgage.

4. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Mortgage encumbers a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration of covenants creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Mortgage, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Mortgage as if the rider were a part hereof.

5. Protection of HRA Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects HRA's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then HRA at HRA's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect HRA's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by HRA pursuant to this paragraph, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and HRA agree to other terms of payment, such amounts shall be payable upon notice from HRA to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. Nothing contained in this paragraph shall require HRA to incur any expense or take any action hereunder.

6. Inspection. HRA may make or cause to be made reasonable entries upon and inspections of the Property, provided that HRA shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to HRA's interest in the Property.

7. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to HRA. However, this mortgage is subordinate to the rights of the first mortgage.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and HRA otherwise agree in writing, the condemnation proceeds shall be applied to the sums secured by this Mortgage in proportion to the ratio that the secured sums bear to the fair market value of the Property immediately before the taking.

8. Accelerations; Remedies. Unless the Maturity Date has occurred, upon Borrower's breach of any covenant, representation or agreement of Borrower in this Mortgage or the Note, including the covenants to pay when due any sums secured by this Mortgage, Borrower confers upon the HRA the option of declaring the unpaid balance of the Note, together with all sums advanced hereunder, and the interest accrued thereon, if any, immediately due and payable without notice, and hereby authorizes and empowers HRA to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same to the purchaser in fee simple in accordance with the statute, and out of the monies arising from such sale to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorney's fee permitted by law, which costs, charges and fees Borrower agrees to pay.

HRA agrees that, if it intends to foreclose, HRA will give Borrower written notice of any default under the terms and conditions of the Note or this Mortgage, by sending the notice to Borrower as provided in paragraph 16 hereof. The notice of default shall contain the following provisions:

- A. the nature of the default by Borrower;
- B. the action required to cure the default;
- C. a date, not less than 30 days from the date the notice is mailed to Borrower, by which such default must be cured;
- D. that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property;
- E. that Borrower has the right to reinstate this Mortgage after acceleration; and
- F. that Borrower has the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

9. Assignment of Rents; Appointment of Receiver. As additional security hereunder, Borrower hereby assigns to HRA the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 8 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 8 hereof or abandonment of the Property, and at any time prior to the expiration of any period of redemption following sale of the Property, HRA shall be entitled to have a receiver appointed by a court to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents and income from the Property collected by the receiver shall be applied first to the costs of management of the Property and collection of rents, including, but not limited to the receiver's fees, premiums on the receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. The receiver shall be liable to account only for those rents actually received.

10. Satisfaction/Release. Upon payment of all sums secured by this Mortgage, HRA shall provide Borrower with a satisfaction/release of Mortgage without charge to Borrower. Borrower shall pay all recording costs.

11. Subject to First Mortgage. This Mortgage is subject and subordinate to a first mortgage of even date herewith given by _____ to _____.

12. Borrower Not Released. Extension of the time for payment of the sums secured by this Mortgage granted by HRA shall not operate to release, in any manner, the liability of original Borrower and Borrower's successors in interest.

13. Forbearance Not a Waiver. Any forbearance by HRA in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by HRA shall not be a waiver of HRA's right to accelerate the indebtedness secured by this Mortgage.

14. Remedies Cumulative. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

15. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of HRA and Borrower. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

16. Notice. Except for any notice required under applicable law to be given in another manner, notices shall be given by mailing the notice by certified mail, return receipt requested, to: (a) Borrower at the Property Address or such other address as Borrower may designate by notice to HRA; and (b) HRA at the address stated herein or such other address as HRA may designate by notice to Borrower. Notice is deemed to have been given upon mailing.

17. Governing Law; Severability. This Mortgage is governed by Minnesota law. In the event that any provision or clause of this Mortgage or the Note conflicts with Minnesota law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provisions, and to this extent the provisions of the Mortgage and the Note are declared to be severable.

19. Death of Borrower. If Borrower dies and leaves the property to his or her heirs, HRA may permit the heirs to live at the property without having to repay the Loan. HRA may do this if HRA believes the heirs do not have money to repay the Loan and if heirs continue to occupy the property as their principal place of residence. HRA may make the heirs sign a new Agreement.

This instrument was drafted by:
Housing & Redevelopment Authority in and for the City of Richfield, Minnesota
6700 Portland Avenue
Richfield, MN 55423

Exhibit D

RIGHT OF FIRST REFUSAL

This AGREEMENT is made as of the ___ day of _____, 20__, by and between _____, a single person, (marital status) 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, whose address is 6700 Portland Avenue, Richfield, Minnesota 55423 ("Second Party").

Recitals

A. Contemporaneously with the execution hereof, Second Party as the fee owner of the real estate described on Exhibit A attached hereto and incorporated herein (the "Property"), subject to matters of record, is conveying the Property to First Party.

B. First Party and Second Party desire to enter into this Agreement whereby First Party grants to Second Party the right of first refusal to purchase the Property.

NOW, THEREFORE, in consideration of the Recitals and of the sum of One Dollar (\$1.00) and other good and valuable consideration and of the obligations of First Party and Second Party as hereinafter set forth, First Party and Second Party agree as follows:

1. Incorporation of Recitals. The Recitals are incorporated into and made a part of this Agreement.

2. First Refusal Right. Second Party shall have the right to purchase the Property in accordance with the terms and conditions herein (the "First Refusal Right");

(a) First Party shall notify Second Party of First Party's desire to sell the Property or any portion thereof ("Sale Notice") at least thirty (30) days before: (i) listing the Property for sale; (ii) making a formal offer to sell the Property to a third party; or (iii) accepting an offer from a third party seeking to purchase the Property, or (iv) any transfer of any of the First Party's interest in the Property. The Sale Notice shall describe the Property being sold, the desired closing date and any other relevant terms (as deemed by Second Party). Within thirty (30) days after receiving the Sale Notice from First Party, Second Party may elect (by giving First Party written notice of Second Party's intent to exercise its First Refusal Right) to purchase all of the Property at the Purchase Price, as determined pursuant to the formula set forth below (the "Election"). If Second Party makes the Election, First Party shall sell the Property to Second Party for the Purchase Price on reasonably agreeable closing terms.

(b) if Second Party fails to exercise its First Refusal Right within the time period specified in the preceding paragraph, then the First Refusal Right shall

automatically become null and void. Notwithstanding the foregoing, if, for any reason, First Party fails to close on the sale of the Property within twelve (12) months of the Sale Notice, its First Refusal Right shall remain in full force and effect.

(c) if Second Party exercises its First Refusal Right, Second Party shall be responsible for, and pay the cost of, having a purchase agreement drafted for the Property.

(d) The purchase price, payable by Second Party, pursuant to its exercise of the First Refusal Right, shall be established as follows:

(1) The parties shall jointly select an appraiser to determine the purchase price, which shall be fair market value.

(2) If a single appraiser cannot be agreed upon within a ten (10) day period, then each of the parties shall promptly designate in writing delivered to the other, an appraiser who has substantial experience in real estate valuation and who is unaffiliated with and otherwise unrelated to the designating party. The two appraisers shall choose a third appraiser, similarly qualified, within fifteen (15) days after their selection. If the first two appraisers do not agree upon a third within that time period, the third shall be selected by arbitration pursuant to the rules and procedures of the American Arbitration Association then in effect. Each of the three appraisers shall provide an opinion of the fair market value of the property and the purchase price shall be the average of the two (2) which are closest to each other. Each party shall bear the cost of the appraiser selected by it and one-half of the cost of the third appraiser.

(e) The closing of the Second Party's purchase of the Property as contemplated by this section (the "Closing") shall occur within one hundred eighty (180) days after the Sale Notice is given to Second Party, unless postponed or extended in writing by the parties hereto. The Closing shall take place at a mutually acceptable time and location.

3. Notices. All documents to be delivered and all correspondence and notices to be given in connection with this Agreement shall be in writing and given by personal delivery or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to First Party: [insert address and contact person]

If to Second Party: Richfield Housing and Redevelopment
Authority
Attn: Housing Specialist
6700 Portland Avenue South
Richfield, MN 55423

Each such mailed notice or communication shall be deemed to have been given to or served upon, the party to whom it is addressed on the date the same is deposited in the United States registered or certified mail, return receipt requested, postage prepaid, properly addressed in the manner above provided. Either party hereto may change such party's address for the service of notice hereunder by written notice of said change to the other party hereto, in the manner above specified ten (10) days prior to the effective date of said change.

4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto, their respective successors and assigns.

5. Default. Should either party default in the performance of its obligations hereunder, the other party shall have and may pursue all rights and remedies available to it hereunder, at law or in equity, or otherwise, including, but not limited to, an action for damages or specific performance.

6. Time of the Essence. Time is of the essence in the performance of this Agreement.

7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall constitute one and the same agreement.

8. Governing Law. This Agreement concerns real property located in the State of Minnesota and, therefore, its validity, performance, interpretation and enforcement shall be governed by Minnesota law without giving effect to the choice of laws provisions thereof.

9. Captions. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

10. Foreclosure or Deed in Lieu. In the event of foreclosure, or a deed in lieu of foreclosure of the First Mortgage, any provision herein or in any collateral agreement restricting the use of the Property or restricting the Borrower's ability to sell the Property, shall automatically have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors and assigns, (other than the Borrower or related entity or person to the Borrower) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Mortgage shall receive title to the Property free and clear from such restriction.

,

The foregoing instrument was acknowledged before me this ____ day of _____, _____ by _____, a _____.

This instrument was drafted by:
Housing & Redevelopment Authority in and for the City of Richfield, Minnesota
6700 Portland Avenue
Richfield, MN 55423

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

By: _____

Its: _____
Chairperson

By: _____

Its: _____
Executive Director

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

The foregoing was acknowledged before me this ____ day of _____, 20__, by _____, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of Minnesota, on behalf of the corporation, Mortgagee.

Notary Public

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

The foregoing 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, a public body corporate and politic under the laws of Minnesota, on behalf of the corporation, Mortgagee.

Notary Public

EXHIBIT A
LEGAL DESCRIPTION



STAFF REPORT NO. 13
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
2/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
2/15/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution authorizing an interfund loan up to \$400,000 for advance of certain costs in connection with the Interchange Tax Increment Financing District.

EXECUTIVE SUMMARY:

The Interchange Tax Increment Financing (TIF) District is a redevelopment district comprised of the Dick's Sporting Goods (formerly Galyan's) store. The District was approved in 1996 and increment was first received in 1998.

A Pay-As-You-Go Note (Note) in the amount of \$3,323,309 was issued to the Developer in 1999. The Developer receives 90% of the increment generated until the Note matures in February 2019. Payments are made semiannually on February 1 and August 1.

In January 2017, the HRA was notified by Hennepin County that due to tax petitions filed and settled in Tax Court, that overpayment of increment had been made to the HRA and in turn resulted in overpayment to the Developer. The amount of the overpayment is \$330,677 and encompasses the years 2013 - 2015. A reduction in value is also ordered for 2016.

As a result of the overpayment, the HRA must withhold future payments on the Note until it has recouped the amount owed to them. It is anticipated, based on current increment receipts, that the HRA would be fully reimbursed by August 2018. In the event that increment receipts are lower than currently anticipated, the HRA would still be able to recover all the funds owed to them. The Note matures in 2019, but the District does not decertify until 2023 so increment will continue to be generated until then.

Due to reporting requirements enforced by the Office of the State Auditor, the HRA must establish an interfund loan from an existing funding source to repay Hennepin County. The funding source for the interfund loan is the HRA Capital Improvement Fund. The amount authorized is in the amount not to exceed \$400,000 with an annual interest rate of 4%.

RECOMMENDED ACTION:

By Motion: Approve a resolution authorizing an interfund loan for up to \$400,000 for advance of certain costs in connection with the Interchange Tax Increment Financing District.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Interchange Tax Increment Financing District was approved in 1996. First receipt of increment was in 1998.
- A Pay-As-You-Go Note in the amount of \$3,323,309 was issued to the Developer in 1999. Payment on the Note is made semiannually from available tax increment.
- In January 2017, the HRA was notified of overpayment of increment due to settled tax petitions. The amount of over payment is \$330,676.
- As a result of Hennepin County overpaying the HRA, the HRA in turn overpaid the Developer on the TIF Note.
- Due to reporting requirements, the HRA must establish an interfund loan from an existing funding source. It is projected that the interfund loan will be paid in full from tax increment generated. Even though the Note matures in 2019, the District is not required to be decertified until 2023.
- The funding source is the HRA Capital Improvement Fund and the amount of the loan is not to exceed \$400,000 with a 4% interest rate.

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

- It is the HRA's policy to comply with the Office of the State Auditor's reporting requirements.

C. CRITICAL TIMING ISSUES:

- It is important to establish an interfund loan as soon as possible to comply with the Office of the State Auditor's reporting requirements.

D. FINANCIAL IMPACT:

- The interfund loan is authorized in an amount not to exceed \$400,000.
- The funding source if the HRA Capital Improvement Fund.
- The interest rate is 4%.
- The Interchange Tax Increment Financing District will generate enough increment for the loan to be paid back in full.

E. LEGAL CONSIDERATION:

- The resolution was drafted by the HRA's financial consultants, Ehlers and Associates.

ALTERNATIVE RECOMMENDATION(S):

- The HRA may not approve the interfund loan; however, the HRA would not be in compliance with the Office of the State Auditor's reporting requirements.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter

**RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RICHFIELD
HENNEPIN COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS IN CONNECTION WITH THE INTERCHANGE TAX
INCREMENT FINANCING DISTRICT.**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Richfield Housing and Redevelopment Authority (the "HRA") of the City of Richfield, Minnesota, as follows:

WHEREAS, the City Council for the City of Richfield, Minnesota (the "City"), established the Interchange Tax Increment Financing District (the "TIF District") within the Richfield Redevelopment Project Area (the "Project"), and adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project; and

WHEREAS, under Minnesota Statutes, Section 469.178, Subd. 7, the HRA is authorized to advance or loan money from the HRA's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs; and

WHEREAS, the HRA has entered into obligations and has reimbursed Developers for Qualified Costs accordingly; and

WHEREAS, Hennepin county has reduced prior year increment receipts in accordance with tax court petitions, which were made after the increment was paid according to the obligations, which caused the TIF District fund to become negative; and

WHEREAS, the HRA intends to reimburse itself for the reduction from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

NOW THEREFORE BE IT RESOLVED by the Board as follows:

1. The HRA hereby authorizes the advance of up to \$400,000 from the HRA Capital Improvement fund or so much thereof as may be paid as Qualified Costs. The HRA shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.
2. Principal and interest ("Payments") on the Interfund Loan shall be paid annually on each December 31 (the "Payment Date"), commencing on the first Payment Date on which the HRA has Available Tax Increment (defined below), or on any other dates determined by the Community Development Director, through the date of last receipt of tax increment from the TIF

District.

3. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on the Payment Date, tax increment available as determined by the Community Development Director, generated in the preceding six (12) months with respect to the property within the TIF District and remitted to the City by Hennepin County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1799, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.
4. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the HRA 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 Interfund Loan.
5. This Interfund Loan is evidence of an internal borrowing by the HRA in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan 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 HRA. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan 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 Interfund Loan or other costs incident hereto. The HRA shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.
6. The HRA may amend the terms of this Interfund Loan at any time by resolution of the Board, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Approved by the Board on March 20, 2017.

Mary B. Supple, Chair

ATTEST:

Doris Rubenstein, Secretary



STAFF REPORT NO. 14
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
3/16/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution approving a Subordination Agreement related to Richfield Urban Village.

EXECUTIVE SUMMARY:

The Urban Village Tax Increment Financing District (District) was certified in July 1999. It is a Redevelopment District that includes BMO Harris Bank, McDonald's, The Oaks on Pleasant, The Pines, and other office/retail space.

In 2001, the HRA entered into a Contract for Private Development and agreed to provide tax increment assistance to the property and to issue tax increment revenue notes to reimburse development costs.

This District has two Pay-Go Notes. Note A is a Tax Exempt Note held by BMO Harris Bank N.A. and Note B is a Taxable Note held by Woodlake Partners LLC. Both notes were issued in 2001 and mature in 2026.

Pine Investments, LLC owns multi-family housing rental property in the District. They are seeking to refinance their debt and before issuing the loan, their Lender is requiring the Richfield Housing and Redevelopment Authority (HRA) and BMO Harris, the Holder of Note A, to approve a Subordination Agreement.

RECOMMENDED ACTION:

By Motion: Approve a resolution approving a Subordination Agreement related to Richfield Urban Village.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Urban Village Tax Increment District was established in July 1999.
- The HRA entered into a Contract for Private Redevelopment to provide assistance to the property in 2001.
- Two Pay-Go Notes were issued in 2001 and mature in 2026.
- Pines Investments, LLC, which owns multifamily property in the District, is seeking to refinance their debt.

- The Lender is requiring the HRA and the Holder of Note A to approve a subordination prior to issuing the loan.

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

- The Lender is requiring the HRA to approve a Subordination Agreement prior to issuing a loan to Pines Investment, LLC.

C. CRITICAL TIMING ISSUES:

- Pine Investments, LLC is anticipating to close on their refinancing by the end of March. Prior to making the loan, their Lender is requiring a Subordination Agreement from the HRA and BMO Harris.

D. FINANCIAL IMPACT:

- There is no financial impact to the HRA.

E. LEGAL CONSIDERATION:

- The resolution was drafted and Subordination Agreement was reviewed by HRA legal counsel.

ALTERNATIVE RECOMMENDATION(S):

- Deny the subordination request.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
<div> <div></div> <div>Resolution</div> </div>	Resolution Letter

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

RESOLUTION NO. _____

**RESOLUTION APPROVING SUBORDINATION AGREEMENT RELATED TO RICHFIELD
URBAN VILLAGE**

WHEREAS, Pines Investments, L.L.C., a Minnesota limited liability company (the “Developer”), owns certain property located in the City of Richfield, Minnesota (the “Property”), upon which a multifamily housing rental housing project (Richfield Urban Village) has been constructed; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), entered into an Amended and Restated Contract for Private Redevelopment, dated May 21, 2001, with Richfield State Agency, Inc. (as predecessor to the Borrower), as amended pursuant to the First Amendment to Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, between the Authority and Marshall & Ilsley Corporation (as successor by merger to Richfield State Agency, Inc.), as affected by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, from Marshall & Ilsley Corporation to Woodlake-VEF IV, LLC, and as further affected by Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 31, 2014, from Woodlake-VEF IV, LLC to Woodlake Partners, LLC (collectively, the “Contract”), pursuant to which the Authority agreed to provide tax increment financing assistance to the Property and surrounding property and to issue tax increment revenue notes to reimburse the development costs in connection therewith; and

WHEREAS, NorthMarq Capital, LLC, a Minnesota limited liability company (the “Lender”), has agreed to make a loan to the Developer in the amount of \$8,050,000 (the “Loan”) pursuant to a Multifamily Loan and Security Agreement (the “Loan Agreement”) between the Lender and the Borrower; and

WHEREAS, BMO Harris Bank N.A., a national banking association (“BMO”), is the holder of the Tax Increment Revenue Note Series 2001A (the “TIF Note”), issued by the Authority on October 17, 2001, in the original principal amount of \$2,500,000; and

WHEREAS, prior to making the Loan, the Lender has required that the Authority subordinate its interests under the Contract and that BMO subordinate its interest under the TIF Note to the interests of the Lender under the Loan Agreement and the Loan Documents defined therein; and

WHEREAS, there has been presented before this Board a form of Subordination Agreement – Governmental Entity (the “Subordination Agreement”) proposed to be entered into between the Authority, BMO, and the Lender, which sets forth the terms of the Authority’s and BMO’s subordination of their respective interests to the interests of the Lender; 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 Subordination Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Subordination Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development 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 any and all documents deemed necessary to carry out the intentions of this resolution and the Subordination Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of March, 2017.

Mary Supple, Chair

ATTEST:

Doris Rubenstein, Secretary



STAFF REPORT NO. 15
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Karen Barton, Community Development Assistant Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
3/15/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
3/16/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution approving the Assignment and Assumption of Contract between Mesaba Capital Development, LLC, RM Senior Living Richfield LLC, and the Housing and Redevelopment Authority, and Second Amendment to Contract for Private Development between RM Senior Living Richfield LLC and the Housing and Redevelopment Authority.

EXECUTIVE SUMMARY:

On February 16, 2016, Mesaba Capital Development, LLC entered into a Contract for Private Development with the Richfield Housing and Redevelopment Authority (HRA) for the development of the former city garage property (76th Street and Pillsbury Avenue) with 88 units of senior housing. Mesaba is requesting to assign their obligations under the Contract to RM Senior Living Richfield LLC. RM Senior Living Richfield is a subsidiary of Mesaba Capital Development and Roers Investments. RM Senior Living Richfield is partnering with Avinity to operate the development after completion.

Section 8.2 of the Contract allows for Mesaba to assign its rights and duties under the Contract to another entity with the approval of the HRA, if: (a) the proposed transferee has the qualifications and financial responsibility, in the reasonable judgement of the HRA, necessary and adequate to fulfill the obligations undertaking in the Contract Agreement; and (b) the proposed transferee expressly assumes all of the obligations under the Contract and agrees to be subject to all of the conditions and restrictions to which Mesaba is subject to.

Staff has vetted RM Senior Living Richfield and feels that the company has the qualifications and financial capability to fulfill the obligations in the Contract.

Additionally, Mesaba/RM Senior Living Richfield is requesting a Second Amendment to modify the terms of the Contract to allow for full payment of the purchase price of \$1,219,000 at the time of closing.

RECOMMENDED ACTION:

By Motion: Approve a resolution approving Assignment and Second Amendment to Contract for Private Development with RM Senior Living Richfield, LLC.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA entered into a Contract for Private Development with Mesaba Capital Development, LLC on February 16, 2016, for the development of the former city garage property with 88 units of senior housing.
- Section 3.2(c) of the original Contract provided for \$975,000 of the purchase price to be paid at Closing, with the balance of \$244,000 to be paid through Tax Increment Financing.
- A First Amendment to the Contract for Private Development was approved on November 22, 2016, extending the closing date to on or before March 31, 2017.
- Avinity will operate the facility upon completion. Avinity currently operates Mainstreet Village senior housing at 76th Street and Lyndale Avenue in Richfield.
- Closing is scheduled to occur on March 27, 2017.
- Construction is anticipated to begin around May 1, 2017 and be completed in late 2018.

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

- 2008 Comprehensive Plan Goal: *Ensure sufficient diversity in the housing stock to provide for a range of household sizes, income levels and needs.*
- 2008 Comprehensive Plan Policies: *Promote additional housing diversity to serve families at all stages of their life-cycle*

C. CRITICAL TIMING ISSUES:

- The First Amendment to the Contract requires closing to occur on or before March 31, 2017.
- Closing is scheduled for March 27, 2017.

D. FINANCIAL IMPACT:

- Purchase price of \$1,219,000 will be paid at closing.
- The City and HRA have pledged up to \$2,400,000 in pay-go Tax Increment Financing, based on qualified costs.

E. LEGAL CONSIDERATION:

- The HRA Attorney has drafted the Assignment and Assumption of Contract and the Second Amendment to Contract for Private Development.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the Assignment and Assumption of Contract.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives of the Developer

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ Mesaba CPD Assignment and Assumption	Contract/Agreement
□ Mesaba CPD Second Amendment	Contract/Agreement

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

RESOLUTION NO. _____

**RESOLUTION APPROVING ASSIGNMENT AND SECOND AMENDMENT TO CONTRACT
FOR PRIVATE DEVELOPMENT WITH RM SENIOR LIVING RICHFIELD LLC**

BE IT RESOLVED By the Board of Commissioners (the “Board”) of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) as follows:

WHEREAS, the Authority owns certain real property located within Tax Increment Financing District No. 2014-1 (City District Garage Site) (the “Development Property”), which was created within the Richfield Redevelopment Project (the “Redevelopment Project”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, Mesaba Capital Development, LLC, a Minnesota limited liability company (the “Developer”), has proposed to construct a multifamily housing development with 88 units designed for seniors, including approximately 60 assisted living units and 28 memory care units (the “Minimum Improvements”), on the Development Property; and

WHEREAS, in order to promote the redevelopment of land that is underused and underutilized in the City, the Authority has agreed to convey the Development Property and provide the Tax Increment Limited Revenue Note, Series 2016 (“TIF Note”) to the Developer for the purpose of reimbursing the Developer for certain costs of constructing the Minimum Improvements thereon; and

WHEREAS, the Authority and the Developer have previously entered into a Contract for Private Development, dated February 16, 2016, which was amended by the First Amendment to Contract for Private Development, dated November 22, 2016, (collectively, the “Original Agreement”), in order to set forth the terms of the conveyance of the Development Property and TIF Note to the Developer and the Developer’s construction of the Minimum Improvements; and

WHEREAS, there has been presented before this Board an Assignment and Assumption of Contract (the “Assignment”), pursuant to which the Developer proposes to assign its interest in the Original Agreement to RM Senior Living Richfield LLC, a limited liability company; and

WHEREAS, there has been presented before this Board a Second Amendment to Contract for Private Development (the “Second Amendment”) proposed to be entered into between the Authority and the Developer, which will amend and supplement the Original Agreement to modify certain provisions of the Original Agreement, including but not limited to the provisions with respect to the payment of the purchase price for the Development Property to the Authority by the Developer; and

WHEREAS, the Board is satisfied that the terms of the Assignment and the Second Amendment carry out the intentions of the parties and are necessary and appropriate.

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

1. The proposed Assignment is hereby approved in all respects.

2. The proposed Second Amendment is hereby approved in all respects.

3. The Chair and Executive Director are hereby authorized to execute and deliver the Assignment and the Second Amendment in substantially the form on file with the Authority, with such additions, deletions, and other changes as are approved by the Chair and Executive Director. The Chair and Executive Director are further directed to take all steps and do all things necessary to effectuate the provisions of the Assignment and the Second Amendment.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of March, 2017.

Mary B. Supple, Chair

ATTEST:

Doris Rubenstein, Secretary

ASSIGNMENT AND ASSUMPTION OF CONTRACT

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACT, made as of March ___, 2017 (the “Assignment”), is by and between MESABA CAPITAL DEVELOPMENT, LLC, a Minnesota limited liability company (the “Assignor”), RM SENIOR LIVING RICHFIELD LLC, a Delaware limited liability company (the “Assignee”), and the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic of the State of Minnesota (the “Authority”).

RECITALS

The Assignor and the Authority are parties to that certain Contract for Private Development, dated as of February 16, 2016, which was amended by the First Amendment to Contract for Private Development, dated November 22, 2016 (collectively, the “Contract”), pursuant to which the Authority agreed to convey to the Developer land, legally described in EXHIBIT A, and reimburse the Developer for a portion of the land acquisition costs and certain site improvement costs related to the construction of a multifamily housing development with 88 units designed for seniors, including approximately 60 assisted living units and 28 memory care units.

The Assignor desires to assign to the Assignee all of its interest in the Contract and its rights and obligations under the Contract, and the Assignee desires to assume such interest in the Contract and the rights and obligations under the Contract.

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

1. Definitions. All capitalized terms not defined herein shall have the meanings given such terms in the Contract.

2. Assignment and Assumption of Contract. Section 8.2 of the Contract allows the Assignor to assign its rights and duties under the Contract to another entity if: (a) the proposed transferee has the qualifications and financial responsibility, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in the Contract Agreement by the Assignor; and (b) any proposed transferee expressly assumes all of the obligations of the Assignee under the Contract and agrees to be subject to all the conditions and restrictions to which the Assignor is subject to. The Assignor hereby assigns to the Assignee all of its interest in the Contract and its rights and obligations under the Contract. The Assignee hereby accepts such rights and assumes such obligations, subject to the terms of this Assignment. The Authority acknowledges and consents to such assignment.

3. Covenants of the Assignee. The Assignee expressly assumes all of the obligations of the Assignor under the Contract and agrees to be subject to all the conditions and restrictions to which the Assignor is subject to under the Contract.

4. Release of Assignor. This Assignment shall be deemed to release and discharge the Assignor from any obligations of the “Developer” under the Contract, such obligations having been assumed by the Assignee.

5. Assignee Address. For purposes of notice under the Contract, the Assignee's address is:

RM Senior Living Richfield LLC

Attn: _____

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

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

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

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

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

IN WITNESS WHEREOF, the Assignor, the Assignee, and the Authority have caused this Assignment and Assumption of Contract to be executed as of the date and year first written above.

ASSIGNOR:

MESABA CAPITAL DEVELOPMENT, LLC, a
Minnesota limited liability company

By: _____
Name: Robert Nickoloff
Title: Managing Partner

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of March, 2017, by Robert Nickoloff, the Managing Partner of Mesaba Capital Development, LLC, a Minnesota limited liability company, on behalf of the Assignor.

Notary Public

Execution page of the Assignee to the Assignment and Assumption of Contract, dated as of the date and year first written above.

ASSIGNEE:

RM SENIOR LIVING RICHFIELD LLC, a
Delaware limited liability company

By: _____
Name: _____
Title: _____

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of March, 2017, by
_____, the _____ of RM Senior Living Richfield LLC,
a Delaware limited liability company, on behalf of the Assignee.

Notary Public

[Notarial Stamp]

This instrument drafted by:

Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
612-337-9300

Execution page of the Authority to the Assignment and Assumption of Contract, dated as of the date and year first written above.

AUTHORITY:

**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 March, 2017, 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 _____ day of March, 2017, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF LAND

Tract A:

The West 30 feet of Lot 1, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1419539.

Tract B:

Parcel 1: Lot 1, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota, except the East 121.99 feet and except the West 30 feet thereof.

Parcel 2: Lot 2 except the East 121.99 feet thereof, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 3: The North 75 feet of Lot 3, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota, except the East 121.99 feet thereof.

Being Registered land as is evidenced by Certificate of Title No. 1318698.

Tract C:

The East 121.99 feet of Lot 2, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1023869.

Tract D: Lot 3 except the North 75 feet thereof and Lots 4 and Lot 5; all in Block 4, R.C. Soens Addition, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1418473 (also covers other land).

Tract E: The East 121.99 feet of Lot 1, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1361790.

SECOND AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT

THIS SECOND AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT, made as of the ____ day of March, 2017 (the “Second Amendment to Agreement”), is by and 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 RM SENIOR LIVING RICHFIELD LLC, a Delaware limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended (the “HRA Act”) and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Richfield (“City”); and

WHEREAS, 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 (“Redevelopment Project”) pursuant to the HRA Act; and

WHEREAS, pursuant to the HRA Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to facilitate the redevelopment of real property by private enterprise and promote the development of affordable housing within the City; and

WHEREAS, within the Redevelopment Project, the Authority has created the Tax Increment Financing District No. 2014-1 (City District Garage Site) (“TIF District”) in order to facilitate redevelopment of certain property in the Redevelopment Project and promote the development of affordable housing within the City; and

WHEREAS, the Developer proposes to acquire certain property from the Authority (the “Development Property”) within the TIF District and construct a multifamily housing development with 88 units designed for seniors, including approximately 60 assisted living units and 28 memory care units (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 has agreed to convey the Development Property to the Developer and reimburse the Developer for a portion of the land acquisition costs and certain site improvement costs related to the Minimum Improvements; and

WHEREAS, the Authority and Mesaba Capital Development, LLC entered into a Contract for Private Development, dated February 16, 2016, which was amended by the First Amendment to Contract for Private Development, dated November 22, 2016, and assigned to RM Senior Living Richfield LLC by the Assignment of Contract for Private Development, dated March __, 2017, (collectively, the “Original Agreement”) in order to set forth the terms of the conveyance by the Authority of the Development Property (as legally described in Exhibit A attached thereto) to the Developer and the Developer’s construction of the Minimum Improvements; and

WHEREAS, the Authority and the Developer are entering into this Second Amendment to Agreement, which amends and supplements the Original Agreement, to modify certain provisions of the Original Agreement.

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 3.2(c) of Original Agreement. Section 3.2(c) of the Original Agreement is hereby deleted and replaced with the following:

(c) The Developer acknowledges that the Authority will be conveying the Development Property to the Developer for a purchase price of \$1,219,000 (the "Development Property Purchase Price"). The Closing shall occur on or before March 31, 2017, at which time the Developer shall pay the Authority the Development Property Purchase Price, less the earnest money to be deposited with the Authority pursuant to Section 3.2(f) hereof.

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 Second Amendment to Agreement and as may be further amended and supplemented.

Section 2.2. Effective Date. The amendments and supplements made to the Original Agreement, as amended and supplemented by this Second Amendment to Agreement, shall be effective as of March ___, 2017.

Section 2.3. Additional Deposit for Administrative Costs. On the Effective Date of this First Amendment to Agreement, the Developer has deposited an additional \$_____ with the Authority to reimburse the Authority for Administrative Costs pursuant to the provisions of Section 3.6 of the Original Agreement.

Section 2.4. Confirmation of Agreement. Except as specifically amended by this Second Amendment to Agreement, 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 Second Amendment to Contract for Private Development to be duly executed in its name and behalf and its seal to be hereunto duly affixed and the Developer has caused this Second Amendment to Contract for Private Development to be duly executed in its name and behalf as of the date first above written.

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

(SEAL)

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of March, 2017, 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 _____ day of March, 2017, by Steven L. Devich, 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 document was drafted by:
KENNEDY & GRAVEN, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

RM SENIOR LIVING RICHFIELD LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of March, 2017, by
_____, the _____ of the Developer, on behalf of the Developer.

Notary Public

(Signature Page of Developer to the Second Amendment to Contract for Private Development)

EXHIBIT A

Tract A:

The West 30 feet of Lot 1, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1419539.

Tract B:

Parcel 1: Lot 1, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota, except the East 121.99 feet and except the West 30 feet thereof.

Parcel 2: Lot 2 except the East 121.99 feet thereof, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 3: The North 75 feet of Lot 3, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota, except the East 121.99 feet thereof.

Being Registered land as is evidenced by Certificate of Title No. 1318698.

Tract C:

The East 121.99 feet of Lot 2, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1023869.

Tract D: Lot 3 except the North 75 feet thereof and Lots 4 and Lot 5; all in Block 4, R.C. Soens Addition, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1418473 (also covers other land).

Tract E: The East 121.99 feet of Lot 1, Block 4, "R.C. Soens Addition" according to the recorded plat thereof, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1361790.



STAFF REPORT NO. 16
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/20/2017

REPORT PREPARED BY: Julie Urban, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
2/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
2/15/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 6836 Irving Avenue under the Richfield Rediscovered Credit Program.

EXECUTIVE SUMMARY:

Endres Custom Homes, Inc. (the Builder) is applying for a Richfield Rediscovered Credit to assist in purchasing the property at 6836 Irving Avenue. The Builder would remove the existing substandard home and construct a new home for a homeowner on the lot. This homeowner has entered into an Agreement with the Builder. Upon completion, the Housing and Redevelopment Authority (HRA) would issue the \$50,000 credit.

The new home would be a two-story home with three bedrooms, three bathrooms, and a detached two-car garage. The new home will be 2,120 square feet with a minimum end-value of \$390,000.

RECOMMENDED ACTION:

By Motion: Approve and authorize execution of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 6836 Irving Avenue through the Richfield Rediscovered Credit Program.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The existing one-bedroom, 572 square-foot house, built in 1939, has been inspected and qualifies as substandard, per the program guidelines.
- Prospective Richfield Rediscovered Credit Program participants bear a significant cost in redeveloping developed lots. The \$50,000 redevelopment subsidy addresses the financing gap and provides an attractive incentive to replace a substandard housing structure with a new home that meets the needs and desires of today's households.
- The Builder has a purchase agreement on the house.
- The Builder has a contract with an end-buyer for the house.

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

The proposed project meets the objectives of the Richfield Rediscovered Program by:

- removing substandard, functionally obsolete housing and eliminates its blighting influence;
- providing new, higher valued housing;
- alleviating the shortage of housing choices for families; and,
- facilitating the HRA's "Market Rate Initiatives" by providing owner-occupied houses designed for families.

The project meets the Housing Design and Site Development Criteria, as defined in the Richfield Rediscovered Guidelines. Several features are incorporated to address the design criteria:

- The house will be set back 36 feet from the front property line, consistent with the adjacent houses.
- The side setbacks will be 17 feet.

C. CRITICAL TIMING ISSUES:

- The Contract requires the Builder to close on the property by April 30, 2017, and to complete construction by September 30, 2017.

D. FINANCIAL IMPACT:

- Under the terms of the Contract, the \$50,000 will be distributed in one payment, due and payable upon completion of construction.
- The 2017 Richfield Rediscovered budget allows for up to two credit developments.

E. LEGAL CONSIDERATION:

- The HRA Attorney reviewed the terms of the Contract for Private Development.
- Public notification is not required; however, notice of the meeting was sent to nearby property owners as a courtesy.

ALTERNATIVE RECOMMENDATION(S):

Alternatively, the HRA may choose to:

- Not execute the Contract for Private Development and direct staff how to proceed; or,
- Amend the Contract for Private Development and direct staff to work with the Builder to revise the proposal.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Dustin Endres, Endres Custom Homes, Inc.

ATTACHMENTS:

Description	Type
☐ Contract for Private Development, 6836 Irving	Contract/Agreement
☐ Photo of 6836 Irving	Exhibit
☐ Elevations	Exhibit
☐ Landscape-Site Plan	Exhibit

CONTRACT FOR PRIVATE DEVELOPMENT

Between

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

and

Endres Custom Homes, Inc.

Related to Property Located at

6836 Irving Avenue South

This Instrument Drafted by:

**Housing and Redevelopment Authority
in and for the City of Richfield
6700 Portland Avenue South
Richfield, MN 55423
612-861-9760**

CONTRACT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT, made and entered into as of this ____ day of _____, 2017, by and between 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, having its principal office at 6700 Portland Avenue, Richfield, Minnesota (HRA), and Endres Custom Homes, Inc. (Buyer).

WITNESSETH:

WHEREAS, the City of Richfield (City) and the HRA have previously created and established a Redevelopment Project (Project) pursuant to the authority granted in Minnesota Statutes, Sections 469.001 through 469.047 (the Act); and

WHEREAS, pursuant to the Act, the City and the HRA have previously adopted a redevelopment plan (Redevelopment Plan) to finance all or a portion of the public development costs of the Project; and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan and particularly to make specified land in the Project available for development by private enterprise for and in accordance with the Redevelopment Plan, the HRA has determined to provide substantial aid and assistance to finance development costs in the Project; and

WHEREAS, the Buyer has proposed a development as hereinafter defined within the Project which the HRA has determined will promote and carry out the objectives for which the Project has been undertaken, will assist in carrying out the obligations of the Redevelopment Plan, will be in the vital best interests of the City and the health, safety and welfare of its residents and is in accord with the public purposes and provisions of the applicable state and local laws and requirements under which development in the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the mutual covenants and obligation of the HRA and the Buyer, each party does hereby represent, covenant and agree with the other as follows:

ARTICLE I.

DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION

Section 1.1. Definitions. In this Agreement, the following terms have the meaning given below unless the context clearly requires otherwise:

Buyer. Endres Custom Homes, Inc.

City. The City of Richfield, Minnesota.

Closing. The date on which Buyer closes on the Purchase of the Property.

Construction Plans. The construction plans approved by the HRA pursuant to Section 4.1 of this Agreement. The Construction Plans include a schedule for construction of the Improvements, preliminary plans and schematics of the Improvements to be constructed, and a landscaping plan.

Development. The Property and the Improvements to be constructed thereon according to the Construction Plans approved by the HRA.

Event of Default. Event of Default has the meaning given such term in Section 8.1.

Guidelines. The Richfield Rediscovered Program Guidelines for the Redevelopment Credit Program, revised July 25, 2011 and attached as Exhibit A to this Agreement.

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

Improvements. Each and all of the structures and site improvements constructed on the Property by the Buyer, as specified in the Construction Plans approved by the HRA.

Minimum Market Value. \$390,000, which is the minimum market value for the Property and Improvements as confirmed by the Hennepin County Assessor.

Property. The real property legally described as:

Lot 8, Block 3, Wood Lake Highlands, Hennepin County, Minnesota

having a street address of:

6836 Irving Avenue South

Redevelopment Project or Project. The Redevelopment Project established by the HRA pursuant to Minnesota Statutes Sections 469.001 through 469.047 and described in the Redevelopment Plan.

Redevelopment Plan. The plans for implementation of the Redevelopment Project adopted by the HRA pursuant to Minnesota Statutes Sections 469.001 through 469.047.

Unavoidable Delays. Delays which are the direct result of strikes, labor troubles, fire or other casualty to the Improvements, litigation commenced by third parties which results in delays or acts of any federal, state or local government, except those contemplated by this Agreement, which are beyond the control of the Buyer.

Section 1.2 Exhibits. The following Exhibits are attached to and by reference made a part of this Agreement:

A. Program Guidelines

B. Certificate of Completion

Section 1.3 Rules of Interpretation.

(a) This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota.

(b) The words “herein” and “hereof” and words of similar import, without reference to any particular section or subdivision refer to this Agreement as a whole rather than any particular section or subdivision hereof.

(c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II.

REPRESENTATIONS AND UNDERTAKINGS

Section 2.1 By the Buyer. The Buyer makes the following representations and undertakings:

(a) The Buyer has the legal authority and power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement;

(b) The Buyer has the necessary equity capital or will obtain commitments for financing necessary for construction of the Improvements;

(c) The Buyer will construct the Improvements in accordance with the terms of this Agreement and all local, state and federal laws and regulations;

(d) The Buyer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, the requirements of all local, state and federal laws and regulations which must be obtained or met before the Improvements may be constructed; and

(e) The plans for the Improvements have been prepared by a qualified draftsman or architect.

(f) The Buyer intends to reside at the Property following completion of construction of the Improvements and is not acquiring the Property for the purpose of resale or speculation.

(g) The Buyer has read and understands the Guidelines and agrees to be bound by them.

Section 2.2 By the HRA. The HRA makes the following representations as the basis for the undertaking on its part herein contained:

(a) The HRA is authorized by law to enter into this Agreement and to carry out its obligations hereunder; and

(b) The HRA will, in a timely manner, subject to all notification requirements, review and act upon all submittals and applications of the Buyer and will cooperate with the efforts of Buyer to secure the granting of any permit, license, or other approval required to allow the construction of the Improvements.

ARTICLE III.

ACQUISITION OF PROPERTY; CONVEYANCE TO BUYER

Section 3.1 Purchase of Property by Buyer. The Buyer has, or will utilize its best efforts to enter into a binding agreement to purchase the Property. If no binding purchase agreement is entered into within 30 days from the date of this Agreement, either the HRA or the Buyer may declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

Section 3.2 Closing. Closing on the Property must take place on or before April 30, 2017, or such other date as may be agreed to by the Buyer and the HRA in writing.

ARTICLE IV.

CONSTRUCTION OF IMPROVEMENTS

Section 4.1. Construction of Improvements. The Buyer shall submit to the HRA the Construction Plans for approval by the HRA staff. The Buyer shall cause the Improvements to be constructed on the Property in accordance with the Guidelines and the Construction Plans, shall cause the Improvements to meet or exceed the Minimum Market Value, and shall maintain, preserve and keep the Improvements in good repair and condition.

Section 4.2. Building Plans. No building permit will be issued by the City unless the building plans are in conformity with the Guidelines contained in Exhibit A, the Construction Plans, the required Minimum Market Value, other requirements contained in this Agreement, and all local, state and federal regulations. The Buyer shall provide the HRA with a set of building plans to be used in connection with any application for a building permit. The HRA shall, within 25 days of receipt of the building plans submitted in application for a building permit, review such building plans to determine whether the foregoing requirements have been met. If the HRA determines such building plans to be deficient, it shall notify the Buyer in writing stating the deficiencies and the steps necessary for correction. Issuance of the building permit by the City

shall be a conclusive determination that the building plans have been approved and shall satisfy the provisions of this Section 4.2.

Section 4.3 Schedule of Construction. Subject to Unavoidable Delays, construction of the Improvements shall be completed prior to September 30, 2017. All construction shall be in conformity with the approved Construction Plans and the Guidelines. Periodically during construction the Buyer shall make reports in such detail as may reasonably be requested by the HRA concerning the actual progress of construction. If at any time prior to completion of construction the HRA has cause to believe that the Buyer will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Buyer and demand assurances from the Buyer regarding the Buyer's construction schedule. If such assurances are not forthcoming or are deemed by the HRA at its sole discretion to be inadequate, the HRA may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

Section 4.4 Certificate of Completion. Promptly after notification by the Buyer of completion of construction of the Improvements, the HRA shall inspect the construction to determine whether the Improvements have been completed in accordance with the Construction Plans and the terms of this Agreement, including the date of the completion thereof. In the event that the HRA is satisfied with the construction, the HRA shall furnish the Buyer with a Certificate of Completion in the form attached hereto as Exhibit B. Such certification by the HRA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligation of the Buyer to construct the Improvements.

If the HRA shall refuse or fail to provide certification in accordance with the provisions of this Section 4.4, the HRA shall within 15 days of such notification provide the Buyer with a written statement, indicating in adequate detail in what respects the Buyer has failed to complete the Improvements in accordance with the provisions of this Agreement necessary, in the opinion of the HRA, for the Buyer to take or perform in order to obtain such certification.

Section 4.5 Failure to Construct. In the event that construction of the Improvements is not completed as provided in Section 4.3 of this Agreement, an Event of Default shall be deemed to have occurred, and the HRA may proceed with its remedies under Section 8.2.

ARTICLE V.

REDEVELOPMENT ASSISTANCE

Section 5.1 Redevelopment Credit. As consideration for the Buyer's covenant to construct the Improvements, and subject to all of the conditions of this Agreement, the HRA agrees to provide the Buyer with a Redevelopment Credit in the amount of \$50,000. If the Buyer is in compliance with its obligations under this Agreement, the Redevelopment Credit will be paid to the Buyer in one installment on the date of the issuance of a Certificate of Completion evidencing that the Improvements have been completed, including the landscaping.

ARTICLE VI.

FINANCING

Section 6.1 Financing. Within 20 days of the date of execution of this Agreement, the Buyer shall submit to the HRA evidence of financing for the Improvements in compliance with the provisions of Section 2.1(b) of this Agreement. If the HRA finds that the financing is adequate in amount to provide for the construction of the Improvements, the HRA shall notify the Buyer of its approval.

If the HRA rejects the evidence of financing as inadequate, the Buyer shall have 30 days or such additional period of time as the Buyer may reasonably require from the date of such notification to submit evidence of financing satisfactory to the HRA. If the Buyer fails to submit such evidence or fails to use due diligence in pursuing financing, the HRA may terminate this Agreement and both parties shall be released from any further obligation or liability hereunder, except for the HRA's remedies pursuant to Section 4.5 of this Agreement.

Section 6.2 Copy of Notice of Default to Lender. Whenever the HRA shall deliver any notice or demand to the Buyer with respect to any Event of Default by the Buyer in its obligations or covenants under this Agreement, the HRA shall at the same time forward a copy of such notice or demand to each holder of any mortgage at the last address of such holder shown in the records of the HRA.

ARTICLE VII.

PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 7.1 Representation as to Redevelopment. The Buyer represents and agrees that its undertakings pursuant to the Agreement, are for the purpose of development of the Property and not for speculation in land holding. The Buyer further recognizes that, in view of the importance of the Development to the general welfare of Richfield and the substantial financing and other public aids that have been made available by the HRA for the purpose of making the Development possible, the qualification and identity of the Buyer are of particular concern to the HRA. The Buyer further recognizes that it is because of such qualifications and identity that the HRA is entering into this Agreement, and, in so doing, is further willing to rely on the representations and undertakings of the Buyer for the faithful performance of all undertakings and covenants agreed by the Buyer to be performed.

Section 7.2 Prohibition Against Transfer of Property and Assignment of Agreement.

(a) The HRA and the Buyer acknowledge that in furtherance of construction of the Improvements the Buyer may make an assignment of the property to the Construction Contractor, with a reassignment of the property to the Buyer following completion of construction of the Improvements.

(b) Other than as provided above, no transfer of the Property or assignment of the Agreement prior to the issuance of a Certificate of Completion will be permitted absent the written approval of the HRA.

ARTICLE VIII.

EVENTS OF DEFAULT

Section 8.1 Events of Default Defined. The following shall be deemed Events of Default under this Agreement and the term shall mean, whenever it is used in this Agreement, unless the context otherwise provides, any one or more of the following events:

(a) Failure by the Buyer to pay when due the payments required to be paid or secured under any provision of this Agreement;

(b) Failure by the Buyer to observe and substantially perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder, including the time for such performance;

(c) If the Buyer shall admit in writing its inability to pay its debts generally as they become due, or shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of the whole or any substantial part of the Property;

(d) If the Buyer, on a petition in bankruptcy filed against it, be adjudicated as bankrupt, or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Buyer, a receiver of the Buyer or of the whole or substantially all of its property, or approve a petition filed against the Buyer seeking reorganization or arrangement of the Buyer under the federal bankruptcy laws, and such adjudication, order or decree shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(e) If the Buyer is in default under any mortgage recorded against the Property and has not entered into a work-out agreement with the holder of the mortgage.

Section 8.2 Remedies on Default. Whenever any Event of Default occurs, the HRA may, in addition to any other remedies or rights given the HRA under this Agreement, take any one or more of the following actions following written notice by the HRA to the Buyer as provided in Section 9.3 of this Agreement:

(a) Suspend its performance under this Agreement until it receives assurances from the Buyer, deemed reasonably adequate by the HRA, that the Buyer will cure its default and continue its performance under this Agreement;

(b) Cancel or rescind this Agreement;

(c) Withhold the Certificate of Completion; or

(d) Take whatever action at law or in equity may appear necessary or desirable to the HRA to enforce performance and observance of any obligation, agreement, or covenant of the Buyer under this Agreement; provided, however, that any exercise by the HRA of its rights or remedies hereunder shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any mortgage and (b) any rights or interest provided in this Agreement for the protection of the holders of a mortgage; and provided further that should any mortgagee succeed by foreclosure of the mortgage or deed in lieu thereof to the Buyer's interest in the Property, it shall, notwithstanding the foregoing, be obligated to perform the obligations of the Buyer under this Agreement to the extent that the same have not therefore been performed by the Buyer.

Section 8.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the HRA is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the HRA or the Buyer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article VIII.

Section 8.4 No Additional Waiver Implied by One Waiver. In the event of the occurrence of any Event of Default by either party, which Event of Default is thereafter waived by the other party, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other concurrent, previous or subsequent Event of Default.

ARTICLE IX.

ADDITIONAL PROVISIONS

Section 9.1 Conflict of Interests; Representatives Not Individually Liable. No HRA officer who is authorized to take part in any manner in making this Agreement in his or her official capacity shall voluntarily have a personal financial interest in this Agreement or benefit financially there from. No member, official, or employee of the HRA shall be personally liable to the Buyer, or any successor in interest, for any Event of Default by the HRA or for any amount which may become due to the Buyer or successor or on any obligations under the terms of this Agreement.

Section 9.2 Non-Discrimination. The provisions of Minnesota Statutes Section 181.59, which relate to civil rights and non-discrimination, and any affirmative action program of the City shall be considered a part of this Agreement and binding on the Buyer as though fully set forth herein.

Section 9.3 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by either party to the

other shall be sufficiently given or delivered if it is sent by mail, postage prepared, return receipt requested or delivered personally:

(a) As to the HRA:

Richfield HRA
Attn: Housing Specialist
6700 Portland Avenue South
Richfield, MN 55423

(b) As to the Buyer:

Dustin Endres
Endres Custom Homes, Inc.
155561 Dunberry Way
Apple Valley, MN 55124

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section 9.3.

Section 9.4 Counterparts. This Agreement may be simultaneously executed in any number of counterparts, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

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

By _____
Its Chairperson

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Mary B. Supple, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (HRA), a public body corporate and politic under the laws of Minnesota, on behalf of the HRA.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (HRA), a public body corporate and politic under the laws of Minnesota, on behalf of the HRA.

Notary Public

BUYER

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of
_____, 2017, by _____.

Notary Public

EXHIBIT A

**RICHFIELD REDISCOVERED
PROCEDURAL GUIDELINES
REDEVELOPMENT CREDIT PROGRAM**

Revised: July 25, 2011

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

I. Program Objectives

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

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

II. Definitions

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

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

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

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

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

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

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

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

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

III. Program Basics

-) Program is first-come, first-serve, subject to funding availability.
-) Buyer purchases property, hires builder to demolish existing structures and constructs a new single-family home in conformance with program requirements.
-) A \$50,000 Redevelopment Credit is available per completed property.
-) Projects must be completed within one year of HRA approval of the project.

IV. Application Requirements

The following must be submitted for application to the program:

1. \$525 application fee
An application fee, in the form of a certified cashier's check made out to the Richfield HRA, must be paid at the time of application. This fee is non-refundable.
2. Project Information Sheet
3. Purchase agreement
The Buyer must present a valid purchase agreement for the lot it proposes to redevelop. The closing must be scheduled after the date the HRA approves the Contract.
4. Blueprints
The layout of all levels, including basement and unfinished space, must be provided.
5. Elevations
Elevations of all four sides of the house, including view of garage shall be provided.
6. Site plan
The site plan shall indicate the location of the new house, walkways and garage.
7. Landscaping plan
A landscaping plan may be hand-drawn by the applicants, but must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch). The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.
8. Green Community Concepts Plan
The plan should indicate what Green Community Concepts will be incorporated into the project.
9. Detail of construction materials to be used on the project.
10. Construction timeline
Construction must be completed with one year of the purchase of the property.
11. Signed contract with Builder
12. Financial capability statement
 - a. A statement from a financial institution indicating willingness, with standard contingencies, to provide sufficient construction capital to complete the project.
13. Builder References
 - a. Five previous customers
 - b. Three major suppliers, one being the construction supplier
 - c. Building inspectors from two cities where the Builder has constructed new housing within the past three years
14. Proof of Builder's Comprehensive General Liability with Property Damage Protection.
15. Proof of sufficient worker's compensation insurance coverage by the Builder.
16. Written warranty program

- a. To be provided to the Buyer, which guarantees at a minimum, warranted repairs as required by Minnesota State Statute.

V. Securing a Site

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

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

VI. Property Evaluation Considerations and Procedures

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

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

Criteria A

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

Criteria B

-) Site can be developed with a new home within city code requirements, including conformance with the Zoning Code and the Comprehensive Plan
-) Property does not cause negative impact on other redevelopment projects. Redevelopment projects may include:
 - o Established commercial redevelopment areas
 - o Right-of-way improvement projects such as I-494, I-35W, Crosstown Highway 62, TH 77 and 66th Street
 - o Negative airport noise zones
 - o Stormwater/flood prevention improvement projects
 - o Other, as determined by the HRA

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

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

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

VII. House Design and Site Development Requirements

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

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

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

A. New Home Standards

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

B. Site Standards

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

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

To the greatest extent possible, existing trees should be preserved. Any trees removed must be replaced (they do not have to be the same species or in the same location) and should be labeled on the required landscape plan.

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

C. Construction Requirements

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

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

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

D. General Standards

1. The value of the new home must meet or exceed the minimum value specified in the Contract for Private Redevelopment.
2. All homes in the Richfield Rediscovered Program must be stick-built or high-quality modular, new construction.
3. Exterior materials (siding, soffit, doors and windows) should be low-maintenance and durable. Brick, aluminum, vinyl and fiber cement siding are preferred. Natural cedar lap is acceptable if properly stained or painted. Hardboard panels or hardboard lap siding are prohibited. Roof valleys should have metal valleys and not be woven.
4. Unit height and mass of the new house shall be compatible with the scale of the surrounding homes in the neighborhood.
5. Plans must present a balanced and pleasing distribution of wall, door and window areas from all views.
6. The dominance of the garage door must be minimized through placement, architectural detail, door design and utilization and design of windows. Front-loaded garages (where the garage door faces the street), shall not be located closer to the front lot line than the foremost facade of the principal building facing the front property line. Garage sidewalls that face the street should appear to contain habitable space. This can be accomplished by incorporating windows and other design elements into the garage wall that are in character with the remainder of the dwelling. For lots that have alley access, the garage should be oriented to access the alley.
7. All building plans must have been prepared in consultation with an architect or qualified draftsman. All requirements by the Building Inspections Division must be met.
8. All Richfield Rediscovered houses must meet or exceed Minnesota Energy Code requirements.
9. All new homes should be built to provide high quality sound insulation. Recommendations for sound insulation measures may be provided on a site-by-site basis. All construction must conform to current sound attenuation building standards for properties located in 65-69 and 70-74 Ldn zones.
10. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.

11. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense.

E. Green Community Concepts

Priority will be given to projects incorporating the green community concepts listed below. Any concepts the applicant would like considered during the application process should be explained in a cover letter submitted with the application.

1. *Protect and conserve water and soil.* To reduce water consumption, consider the use of water-conserving appliances, fixtures, and landscaping. Steps should be taken to minimize the loss of soil and sediment during construction and occupancy to reduce storm-water sediment and air pollution.
2. *Minimize energy consumption.* Reduce energy consumption by taking advantage of natural heating, cooling and day lighting, and by using energy-efficient appliances, equipment and lighting.
3. *Enhance indoor environmental quality.* Use non-toxic materials, ventilation and exhaust systems, and moisture control products and systems.
4. *Use environmentally-preferable materials and resources.* Use locally-produced, salvaged and/or manufactured materials, products with recycled content or from renewable sources, recyclable or reusable materials, and low-VOC-emitting materials.
5. *Reduce waste.* Reduce and manage wastes generated during the construction process and operation of buildings. When demolition occurs, consider the sorting and recycling of leftover materials and debris.

VIII. City Review Procedure

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

IX. Disbursement of Funds

Approved projects are eligible for a \$50,000 Redevelopment Credit. The Credit will be disbursed upon completion of the project (including landscaping) and the issuance of a Certificate of Completion by the Building Official.

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

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

X. Solicitation of New Development Proposals

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

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

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

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

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

XI. General Program Marketing

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

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

XII. Data Privacy

All information secured through the program is subject to the Data Privacy Act.

EXHIBIT B

FORM OF CERTIFICATE OF COMPLETION

The undersigned hereby certifies that _____, has fully and completely complied with its obligations under that document entitled "Contract for Private Development", between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota and _____ dated _____, filed _____ as Document No. _____ with respect to the construction of the approved construction plans at _____, legally described as _____ and is released and forever discharged from its obligations under such Contract.

DATED: _____

THE HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY
RICHFIELD

By: _____
Its: Chairperson

By: _____
Its: Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

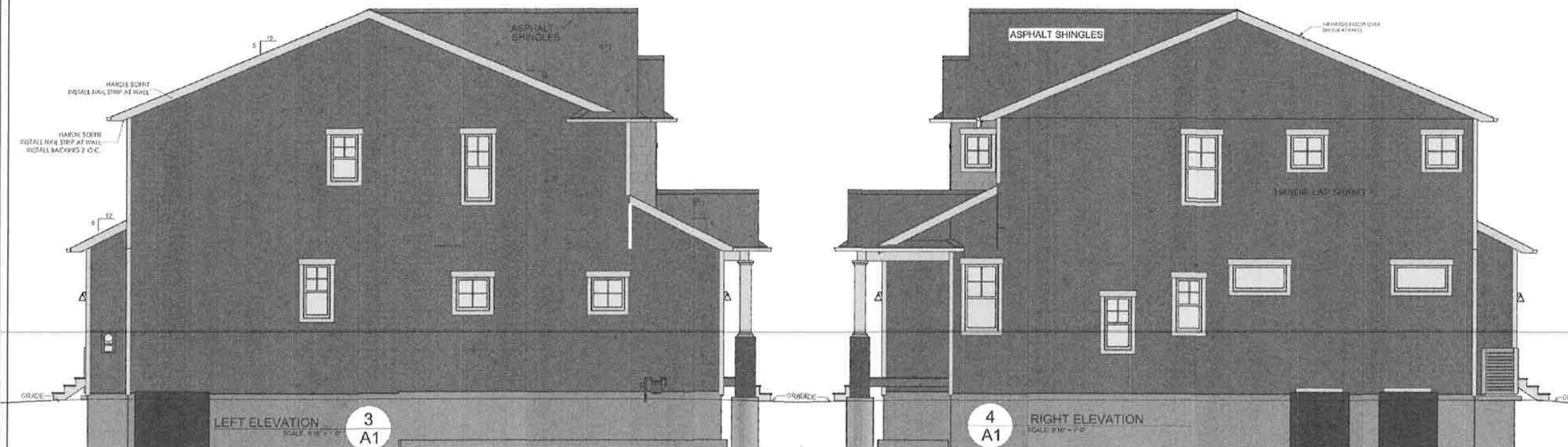
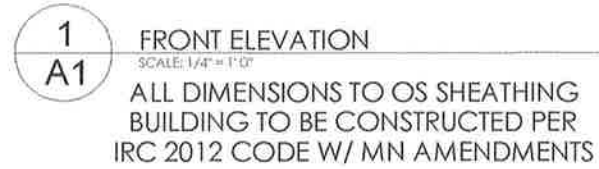
The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____ and _____ the Chairperson and the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota on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

Notary Public

This instrument was drafted by:

Housing and Redevelopment Authority
in and for the City of Richfield
6700 Portland Avenue South
Richfield, MN 55423
612-861-9760



[illegible]

SHEET TITLE:

PROJECT DESCRIPTION:
Eagle 6636 Irving

Endres
custom homes

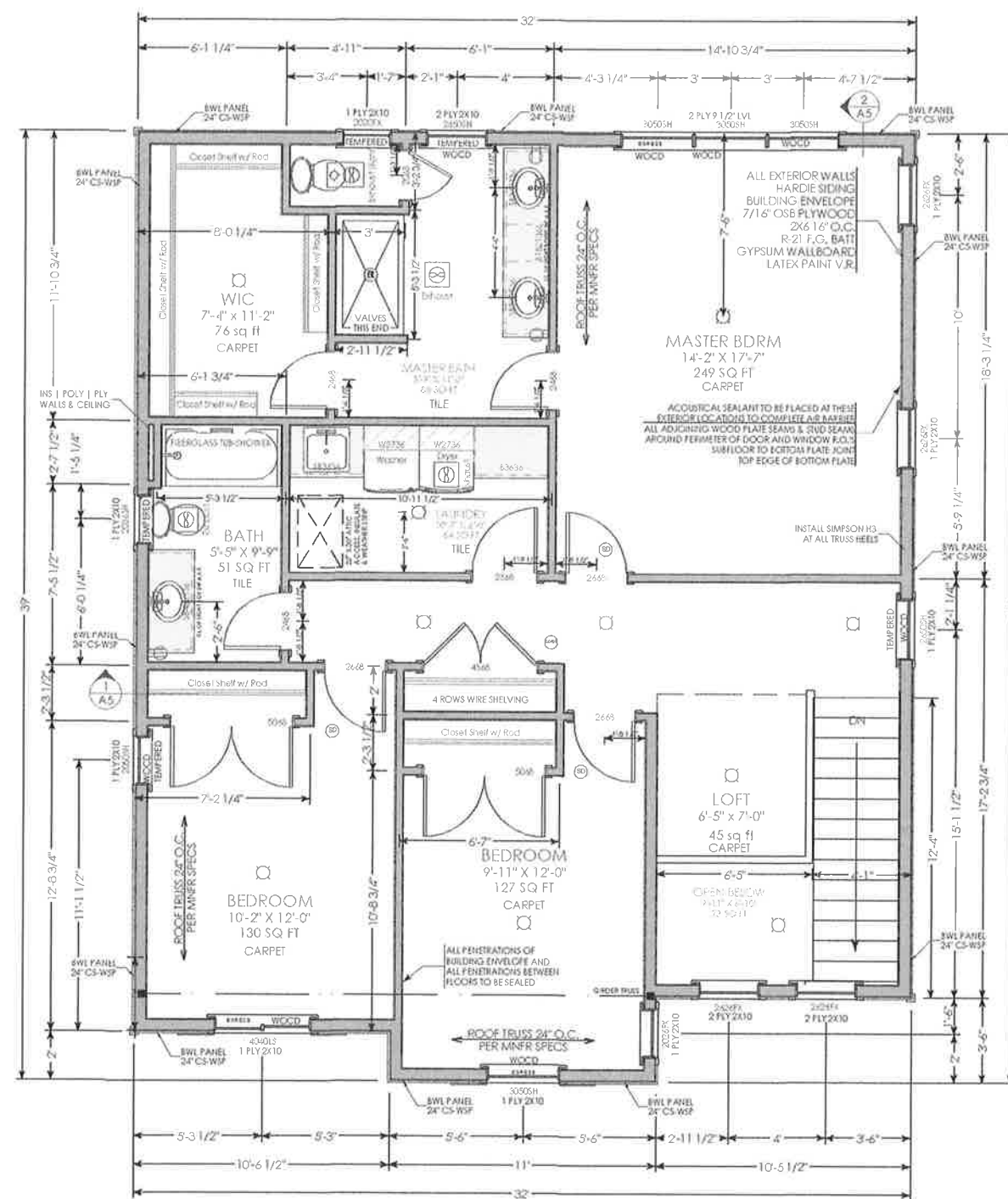
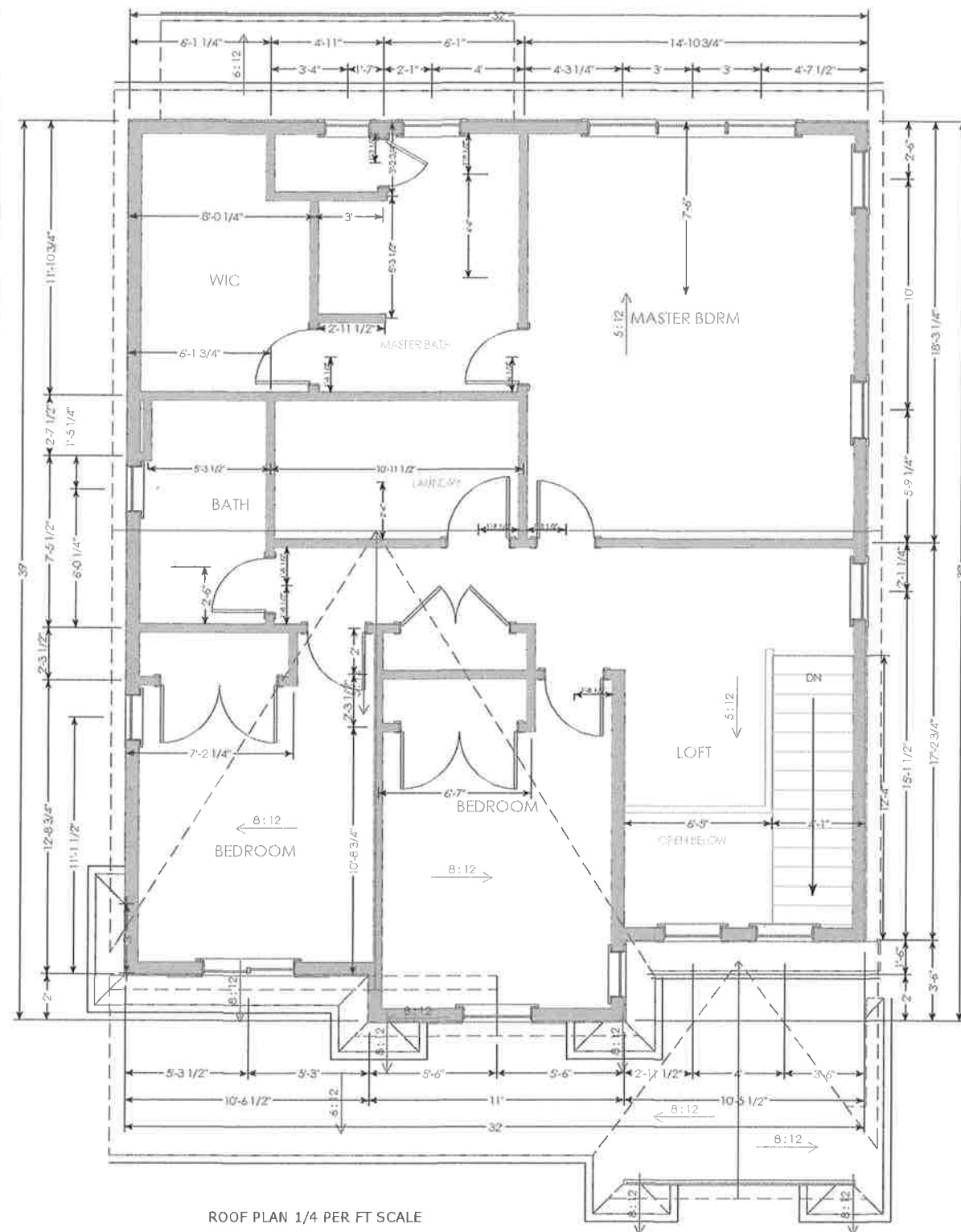
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DESCRIPTION:
Eagle 6636 Irving

Endres
custom homes
15561 Durberry Way, Apple Valley, MN 55124

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NO.	DESCRIPTION	BY	DATE

SHEET TITLE:

SHEET TITLE

PROJECT DESCRIPTION:

Eagle 6636 Irving

Endres
custom homes
15561 Dunberry Way, Apple Valley, MN 55124

DATE:

1/31/2017

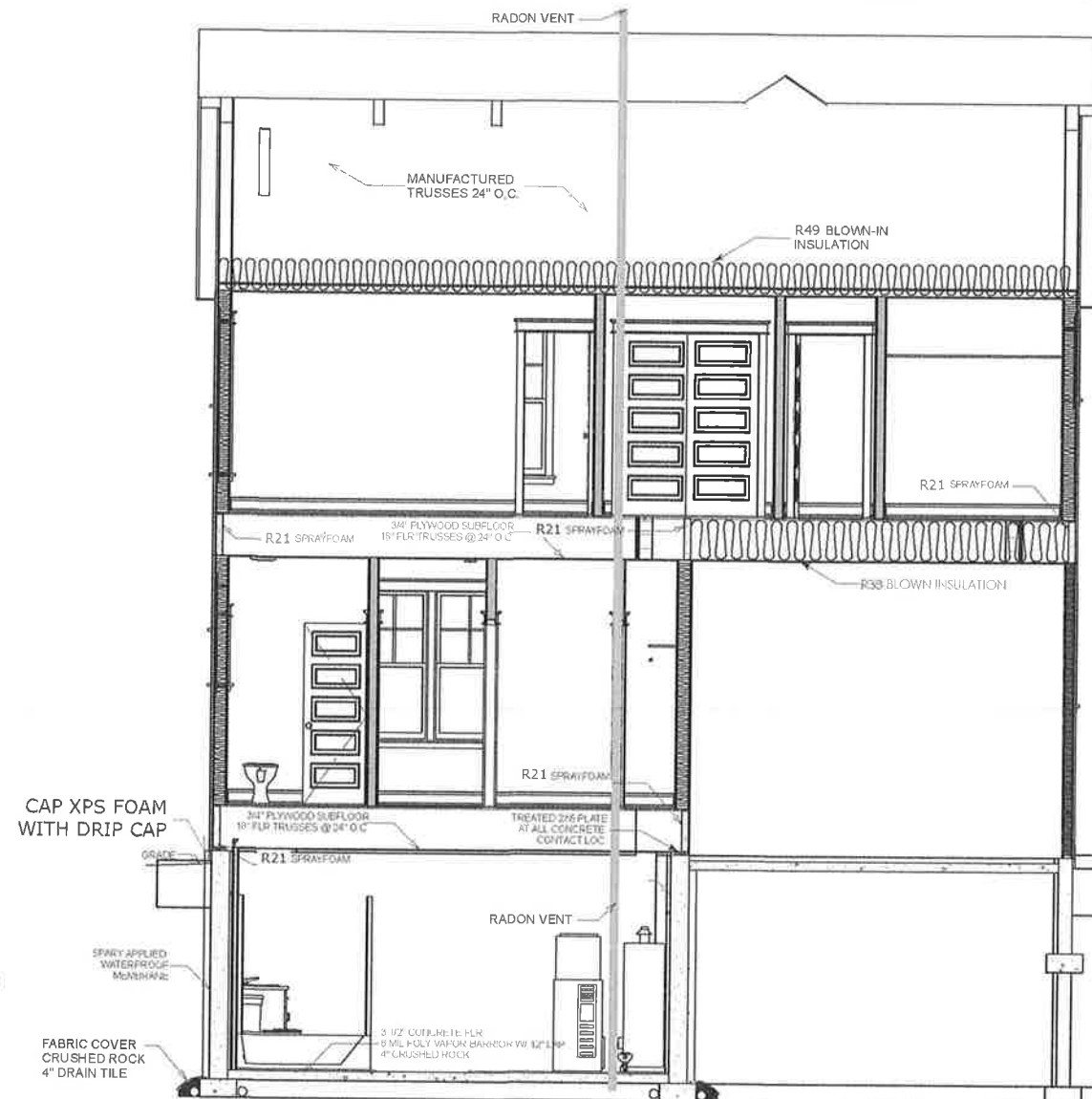
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A-3



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1
A5 CROSS SECTION
SCALE: 1/4" = 1' 0"

NO.	DESCRIPTION	BY	DATE

SHEET TITLE:
SHEET TITLE

PROJECT DESCRIPTION:
Eagle 6636 Irving

Endres
custom homes
15561 Dunberry Way, Apple Valley, MN 55124

DATE:

1/31/2017

SCALE:

SHEET:

A-5

