



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
OCTOBER 21, 2019
7:00 PM**

Call to Order

Approval of the minutes of the: (1) City Council, HRA and Planning Commission Work Session Meeting of September 16, 2019; and (2) HRA Regular Meeting of September 16, 2019; (3) City Council, Housing and Redevelopment Authority, and Planning Commission work session of September 24, 2019.

AGENDA APPROVAL

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consider an adjustment to the payment standard for the Section 8 Housing Choice Voucher Program.
Staff Report No. 34
3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consideration of an Amendment to the Contract for Private Development for 6812 Emerson Lane.
Staff Report No. 35
5. Consider an amendment to the Contract for Private Development with Twin Cities Habitat for Humanity for 6310 Irving Avenue South to allow reimbursement for abatement of contaminated soil.
Staff Report No. 36
6. Consider the approval of a resolution accepting contributions for the 2019 Tour of Remodeled Homes.
Staff Report No. 37

OTHER BUSINESS

HRA DISCUSSION ITEMS

7. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

8. Executive Director's Report

CLAIMS AND PAYROLLS

9. Claims and Payrolls

10. 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.



**SPECIAL JOINT CITY COUNCIL, HOUSING
AND REDEVELOPMENT
AUTHORITY, PLANNING COMMISSION
MEETING MINUTES
Richfield, Minnesota**

**Work Session Meeting
September 16, 2019**

CALL TO ORDER

The meeting was called to order by Housing and Redevelopment Authority Chair Supple at 5:45 p.m.

ATTENDANCE

Council Members Present: Maria Regan Gonzalez, Mayor; Mary Supple; Edwina Garcia; Ben Whalen; Simon Trautmann

Council Members Absent: None

HRA Members Present: Mary Supple, Chair; Maria Regan Gonzalez; Pat Elliott; Erin Vrieze Daniels; Sue Sandahl

HRA Members Absent: None

PC Members Present: Allysén Hoberg, Chair; Susan Rosenberg; Bryan Pynn; Sean Hayford Oleary; Jim Rudolph; Peter Lavin

PC Members Absent: Kathryn Quam

Staff Present: John Stark, Director of Community Development/HRA Executive Director
Katie Rodriguez, City Manager
Julie Urban, Housing Manager
Melissa Poehlman, Assistant Community Development Director

ITEM #1

**CONSIDERATION OF TWO POTENTIAL DEVELOPMENT PROPOSALS FOR
6501 PENN AVENUE**

Housing and Redevelopment Authority (HRA) Executive Director Stark and Housing Manager Urban presented the staff report, explaining that the HRA had purchased the site earlier this year and that staff have been meeting with two development teams interested in developing the site. Housing Manager Urban introduced Erik Weingarden and Dave Lundy from the development team of Broadway Investors.

Mr. Lundy explained that they were proposing to combine property to the south and east along with the HRA property to construct 150 units of multi-family housing in a four-story building, with rooftop amenities.

Commissioner Hoberg asked for a clarification regarding the commercial space and what they would do about commercial turnover. Mr. Lundy explained that they were looking to provide first floor commercial uses not available in the area such as a gym or co-working space.

Commissioners Vrieze Daniels and Sandahl asked questions clarifying the height given the grade difference. Mr. Lundy explained that the height is four stories from Penn Avenue.

In response to a question from Commissioner Pynn, Mr. Lundy explained that they could do a smaller project if they were unable to purchase neighboring properties, but they didn't think that was the best option for the City.

Councilmember Trautmann stated that access onto Oliver Avenue would have a big impact on the residential neighborhood.

In response to questions from Councilmember Whalen, Mr. Weingarden explained that the parking was all underground and that preliminary conversations with adjacent owners indicated they were open to discussions.

In response to a question from Commissioner Vrieze Daniels, Mr. Lundy explained that they were considering 40% of the units to be affordable at 60% of the Area Median Income, per the Housing TIF district requirements. In response to questions from Commissioners Whalen and Chair Supple, Mr. Lundy confirmed that they would be open to discussing deeper affordability and that they would be willing to provide fully-accessible units.

A discussion followed regarding the status of the team's NOVO project and the status of acquisitions.

Wynne Yelland and Adam Jonas from Locus Architects, along with Adam Seraphine from NHH Properties, presented a project with 40 multi-family units and approximately 6,000 square feet of leasable commercial space on the first floor. A second phase on the property to the south with an additional commercial space and 20 units of housing could be added if that owner were interested in selling. The project would have a value of approximately \$10 million, would be financed locally and would use tax increment and grant funds to achieve affordability in the housing.

Commissioner Hoberg supported the idea of local businesses in the commercial space, questioned whether VASH vouchers could be attached to units, and encouraged the developer to figure out the affordable component soon.

Councilmember Trautmann asked for examples of what a successful commercial node looks like.

Mayor Regan Gonzalez encouraged them to provide more details on how the project would meet City goals and asked if they had ideas and experience providing affordable commercial space. She questioned if it was realistic to expect to connect redevelopment with economic development.

Mr. Seraphine explained that they're looking at different options for affordable commercial space including reducing costs, finding funds to finance build-outs, and offering incubator space with shared costs. Executive Director Stark confirmed that using public subsidies to finance businesses would be new for the City.

In response to a question from Mayor Regan Gonzalez, Mr. Seraphine explained that they would try to move forward with both sites but could go forward with just the one. She questioned what teeth could be put behind achieving economic development goals and wanted to know what it looked like to meet the City's goals with this project.

In response to a question from Commissioner Pynn, Mr. Seraphine explained that the two options for the property to the east would be to construct row homes or to build a bigger building, although explained that the bigger building was not their preferred option.

Councilmember Trautmann asked whether accessible units could be included and what experience the developer had with incubator and co-working spaces. Mr. Seraphine explained that they could make some units more accessible and that he had been involved in developing but not managing four co-working spaces.

Council member Whalen asked for clarification on the mix of affordability, green space, and access on Penn Avenue. Mr. Seraphine explained that it's too early to commit to specific affordability but that they are committed to including it, green space depends on the parking ratio, and that the results of the Penn Avenue study will help determine access.

Commissioner Rudolph asked about the status of the RF64 project.

Executive Director Stark explained that the City/County study of Penn Avenue will begin soon.

In response to a question from Chair Supple, Broadway Investors stated that if they couldn't purchase the property to the south, they would still move forward.

Commissioner Hayford Oleary stated that he had more concerns about the second proposal and didn't like to see surface parking. He prefers the larger number of units the first proposal provides.

Commissioner Vrieze Daniels stated that she preferred the economic development potential of the second proposal and believes that multiple, smaller buildings fit better on Penn Avenue.

Commissioner Elliot and Councilmember Trautmann suggested having the developers come back with more information.

Commissioner Sandahl expressed the desire to some green space.

In response to a question from Councilmember Whalen, Executive Director Stark clarified that there were some additional details that could be provided without a significant investment by the development teams but items like detailed financial and engineering work wouldn't happen until one team was selected.

Commissioner Rudolph agreed that more information was needed. He also wanted to consider both developers' track records with previous developments.

Councilmember Whalen asked to see what the Broadway Investors proposal would look like without the adjacent properties and wanted more information from Locus/NHH on the affordable housing numbers.

Councilmember Trautmann introduced the community leaders from the Penn Central group and suggested the development teams may want to connect with them as they move forward.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 6:48 p.m.

Mary B. Supple
HRA Chair

Julie Urban
Housing Manager

John Stark
Executive Director



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

September 16, 2019

CALL TO ORDER

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

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

Staff Present: John Stark, Executive Director; Julie Urban, Housing Manager; and Myrt Link, CD Accountant.

APPROVAL OF THE MINUTES

Commissioner Vrieze Daniels asked that the word “curiosity” be used instead of “interest” on page two of the regular minutes.

M/Elliott, S/Regan Gonzalez to approve the minutes for the Concurrent City Council and Housing and Redevelopment Authority Work Session of August 19, 2019, and the amended minutes for the Regular Housing and Redevelopment Authority meeting of August 19, 2019.

Motion carried 5-0.

Item #1	APPROVAL OF THE AGENDA
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M/Sandahl, S/Elliott to approve the agenda.

Motion carried 5-0.

Item #2	CONSENT CALENDAR
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Executive Director Stark called the Commissioners’ attention to the corrected attachment that had been distributed and then presented the Consent Calendar:

- A. Consideration of a resolution approving an Amendment to the Contract for Private Development for Cedar Point II.

HRA RESOLUTION NO. 1340

RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT FOR PRIVATE
DEVELOPMENT WITH NHH COMPANIES, LLC

In response to a question from Commissioner Regan Gonzalez, Community Development Director Stark explained that the amendment related to the apartment component of the project only but that the site work for the townhome and apartment components is interrelated so the timing was dependent on the townhome schedule.

M/Sandahl, S/Elliott to approve the Consent Calendar.

Motion carried 5-0.

Item #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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No items were removed from the Consent Calendar.

Item #4	PUBLIC HEARING REGARDING CONSIDERATION OF APPROVAL OF THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY'S FIVE-YEAR PUBLIC HOUSING PLAN (SR NO. 31)
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Housing Manager Urban presented the staff report explaining that the Department of Housing and Urban Development requires the Housing and Redevelopment Authority (HRA) to prepare and submit a Public Housing Plan every five years detailing how the HRA plans to serve low, very low and extremely low income households.

Chair Supple opened the public hearing.

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

Motion carried 5-0.

M/Regan Gonzalez, S/Sandahl to approve the Richfield Housing and Redevelopment Authority's Five-Year Public Housing Plan.

Motion carried 5-0.

Item #5	CONSIDERATION OF THE ACCEPTANCE OF THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY TAX INCREMENT FINANCING DISTRICT STATUS UPDATE (SR NO. 32)
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Community Development Accountant Link presented the staff report and invited Rebecca Kurtz from Ehlers to review the Tax Increment Financing District Status Update for the Commissioners.

Ms. Kurtz first confirmed that the HRA is able to meet all of its obligations. She explained that two districts would be decertified at the end of the year and that the City's tax capacity will increase as a result. She then explained the status of each district.

Commissioner Sandahl asked about the balance in the Housing and Redevelopment fund, and Executive Director Stark explained that that was something we were looking at so that the full

amount could be invested in the community. If the balance is not spent, the funds will need to be returned to the County and redistributed to all the tax jurisdictions.

Chair Supple asked if there were additional delays in the Cedar Point II apartment project, would there be a risk of not having enough life left in the TIF District to meet our obligations. Ms. Kurtz explained that typically there is a five year deadline from the date a district is certified to expend qualified costs, but that the apartment component is part of an existing district that has no five-year rule.

Executive Director Stark pointed out that the increased taxes from the decertified districts were not taken into account in the budgets that were recently approved, so those additional taxes will help to buy down the levy for next year.

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

Motion carried 5-0.

Item #6	PUBLIC HEARING REGARDING CONSIDERATION OF AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY EXECUTIVE DIRECTOR TO NEGOTIATE A SETTLEMENT OF A HOUSING AND REDEVELOPMENT AUTHORITY DEFERRED LOAN AT 7005 COLUMBUS AVENUE (SR NO. 33)
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Housing Manager Urban presented the staff report explaining that the owner of 7005 Columbus had received a deferred loan in 2015 but was now facing foreclosure. She requested that, given the tight timing of the impending foreclosure, the Executive Director be given the authority to negotiate a settlement on the HRA's behalf.

M/Vrieze Daniels, S/Elliot to authorize the Housing and Redevelopment Authority Executive Director to negotiate a settlement of a Housing and Redevelopment Authority Deferred Loan at 7005 Columbus Avenue.

Motion carried 5-0.

Item #7	HRA DISCUSSION ITEMS
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Chair Supple mentioned that the Tour of Remodeled Homes was taking place on October 5. Housing Manager Urban stated that information about the Tour was available on the City's website and that a mailing would be going out this week.

Item #8	EXECUTIVE DIRECTOR REPORT
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Executive Director Stark stated that another successful Penn Fest took place on Sunday and that information about the HRA's housing programs was available. He also encouraged Commissioners to look for the new banners on Penn Avenue that HRA funds paid for.

Item #9	CLAIMS AND PAYROLLS
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M/Vrieze Daniels, S/Sandahl that the following claims and payroll be approved:

U.S. BANK	08/19/2019
Section 8 Checks: 131040 - 131116	\$160,079.55
HRA Checks: 33706 - 33720	\$79,507.02
TOTAL	\$239,586.57

Motion carried 5-0.

Item #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:52 p.m.

Date Approved:

Mary B. Supple
HRA Chair

Julie Urban
Housing Manager

John Stark
Executive Director



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

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

September 24, 2019

CALL TO ORDER

The meeting was called to order by Mayor Regan Gonzalez at 5:45 p.m. in the Bartholomew Room.

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

Council Members Absent: Edwina Garcia

HRA Commission Members Present: Mary Supple, Chair; Pat Elliott; Maria Regan Gonzalez; Sue Sandahl; and Erin Vrieze Daniels.

Planning Commission Members Present: Kathryn Quam; Susan Rosenberg; Sean Hayford Oleary; and James Rudolph.

Planning Commission Members Absent: Allysen Hoberg Chair; Bryan Pynn; and Peter Lavin.

Staff Present: Katie Rodriguez, City Manager; Neil Ruhland, Communication and Engagement Manager; Mary Tietjen, City Attorney; Melissa Poehlman, Asst. Community Development Director; and Blanca Martinez Gavina, Executive Analyst.

Others Present: Brian Bochman, Austin Morris and Adam Guy from Enclave Development

Item #1

PRELIMINARY CONSIDERATION OF A REDEVELOPMENT PROPOSAL FOR PROPERTIES AT THE NORTHEAST CORNER OF 65TH STREET AND LYNDALE AVENUE (6439 LYNDALE AVENUE SOUTH, 6437 LYNDALE AVENUE SOUTH, AND 415 - 64 1/2 STREET)

Asst. Community Development Poehlman introduced Brian Bochman, Austin Morris and Adam Guy from Enclave Development.

Austin Morris reviewed the plans for development for multi-family and human centric spaces that provide a community focused experience.

Commissioner Elliot expressed that the timing is impeccable for this project. He talked about the historical context of some developments like Lyndale Plaza and stated that he was excited about the possibilities of upgrading existing affordable housing.

Commissioner Vrieze Daniels asked clarifying questions on the amount of space that would be used for retail within the development.

Asst. Community Development Director stated that there are currently at least 30,000 sq. ft. or 15,000 sq. ft. per building.

Council Member Whalen asked for clarification on the TIF value and 15% in lieu payment would allot to.

Brian Bochman stated that the TIF amount is roughly \$3.9 million. There were further specifications of these amounts.

Council Member Whalen stated his objection to subsidizing market rate luxury developments and using TIF funds towards this type of development.

Austin Morris expressed the challenges with existing conditions of the building and reiterated that there are no current re-development projects within the 46 metros in a dense area that are not using TIF, with exception of downtown Minneapolis. He continued to state that it is a crucial time to redevelop downtown Richfield.

Asst. Community Development Director stated that TIF funds can only fund eligible items and not for amenities like granite countertops.

Commissioner Vrieze Daniels spoke to the ongoing reduction of affordable retail spaces and the challenge that it poses for small businesses.

Austin Morris remarked that this development is an effective use of land and that the company is trying to target rental rates in Richfield.

Council Member Supple expressed that parking is an issue; there is an overflow from Lyn-65. She also asked if there was a shadow study done.

Adam Guy stated that there are minimum shadows across the parking lot and most of the shadow impact is in December.

Council Member Whalen asked the Enclave team what the rental rates would be for these apartment complexes.

Brian Bochman responded as follows: Studios \$1,200, 2 bedrooms \$1,600.

Council Member Whalen stated that a renter's average income in Richfield is \$34,000.

Brian Bochman stated that the rates are compatible with projects that are going up the metro area and that it is impossible to fill the niche for everyone.

Commissioner Quam asked about design elements and wondered if the design was too modern to withstand changing architecture.

Asst. Community Development Director Poehlman shared information about a market study on 66th and Nicollet that stated the City has too much retail and that needs of residents lie on high end niche stores.

Brian Bochman gave information about projected taxes of \$80,000 annually.

Commissioner Supple spoke about the need to take action but to also be aware of unintended consequences. She further stated that it is important to be cognizant of the push for luxury housing but not at the expense of relocating residents.

Commissioner Elliott, commented that there is a ripple effects for decisions made and not made, willing and able to bring upon these issues.

Austin Morris commented that they focus on durability and not latest amenities.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:50 p.m.

Date Approved: October 21, 2019

Mary B. Supple
Chair

Blanca Martinez Gavina
Executive Analyst

John Stark
Executive Director



STAFF REPORT NO. 34
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/21/2019

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

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/15/2019

ITEM FOR COUNCIL CONSIDERATION:

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

EXECUTIVE SUMMARY:

On an annual basis, HUD establishes a Fair Market Rent (FMR) for the Twin Cities Metropolitan Area, by bedroom size. Individual HRAs are allowed to select a payment standard within 90% to 110% of HUD's FMR. The selection of the payment standard should ensure that a sufficient supply of rental housing is available to Program participants. HUD's newly published FMRs have increased and the HRA's current payment standards do not fit within the established parameters. To remain in compliance with HUD regulations, the HRA must increase its payment standards. The proposed payment standards will fall between 91% to 94% of the current FMRs.

The new payment standards are effective for December 1, 2019, for new move-ins and effective January 1, 2020, for annual re-certifications. The attached table lists the specific changes proposed. The last adjustment made by the HRA was on June 1, 2019.

RECOMMENDED ACTION:

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

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

The HRA last adjusted its payment standards in June 2019.

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

- The HRA must approve increases in the payment standard for the Program in order to remain compliant with U.S. Department of Housing and Urban Development (HUD) regulations that require payment standards to fall within 90-110% of HUD's FMRs.
- Section 8 participants will be able to choose from a larger selection of affordable housing units and may receive some immediate rent relief on a case-by-case basis.
- HUD provides sufficient federal assistance to cover these adjustments in the payment standards and has approved the increase.
- Without an increase in the payment standard, many Section 8 participants will be unable to find housing and keep up with changing rents.
- Potential changes in Federal law impact the financial resources available to the program if the

HRA does not remain current with the FMR.

C. **CRITICAL TIMING ISSUES:**

The new payment standards will be effective December 1, 2019.

D. **FINANCIAL IMPACT:**

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

E. **LEGAL CONSIDERATION:**

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

ALTERNATIVE RECOMMENDATION(S):

- Do not change the payment standard at this time; however, the HRA will not be in compliance with HUD regulations.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ Payment Standard Increase	Cover Memo

Attachment A

Current Payment Standard – Effective June 1, 2019

0 BDR	1 BDR	2 BDR	3 BDR	4 BDR	5 BDR
740	910	1130	1530	1800	1940

New Payment Standard – Effective December 1, 2019 (Move-Ins) January 1, 2020 (Annual Re-certification)

0 BDR	1 BDR	2 BDR	3 BDR	4 BDR	5 BDR
770	920	1140	1560	1830	1970



STAFF REPORT NO. 35
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/21/2019

REPORT PREPARED BY: Kate Aitchison/Celeste McDermott, Housing Specialists
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/16/2019

ITEM FOR COUNCIL CONSIDERATION:

Consideration of an Amendment to the Contract for Private Development for 6812 Emerson Lane.

EXECUTIVE SUMMARY:

In July 2019, the Housing and Redevelopment Authority (HRA) approved a Contract for Private Development (Contract) with Endres Custom Homes (Builder) for the construction of five single-family homes and required public improvements at 6812 Emerson Lane (Property). Given the high cost of public improvements required to make the Property buildable, the HRA agreed to sell the Property for one dollar.

The preliminary survey showed multiple discrepancies from the 2004 survey, which was provided to the HRA when they acquired the Property. The most problematic correction moved the northwest property line to the east, reducing the size of the parcel. When the five-home scenario was evaluated using these new dimensions, it became apparent that none of the five lots would be able to meet subdivision requirements, and the road might need to be narrowed.

The Builder has developed a four-home proposal that would meet all subdivision requirements and would allow the public road to remain 26-feet in width. Development costs for the site remain estimated at \$310,000 (the same amount that would be required for five or four homes).

Spreading the development costs out over four homes leads to a higher land cost of \$77,500 per lot and an increased home price of \$373,000. It is unclear if the housing market would support these prices on this site. Staff has ordered an appraisal, and expects to receive it by late October. If the land value for four lots does not appraise at \$77,500 per lot and does not support higher home prices, the project may require additional subsidy to cover the development costs.

Staff is proposing an Amendment to the Contract (Amendment) to allow a reduction in the number of homes built from five to four and up to \$60,000 in further subsidy, contingent on proof of need from the results of the appraisal and evidence from the Builder.

Delaying a response until the appraisal information is available may jeopardize the proposal by pushing out other approvals from the City Council and postponing site preparation until next spring. In order to allow the Builder to continue working on the proposal and prepare for plat submission, staff is asking the HRA to decide on the following changes to the Contract:

1. Decrease the number of homes to be built on the site from five to four,
2. Approve an HRA subsidy of up to \$60,000 to offset the development costs of the site, contingent on evidence supporting that need. The exact amount, not to exceed \$60,000, would be approved by the Executive Director. The amount, along with the specific source of funds would be reported back to the

HRA.

3. Extend the closing deadline to June 30, 2020 and completion deadline to June 30, 2021 to account for the additional delays.

RECOMMENDED ACTION:

By motion: Approve an Amendment to the Contract for Private Development, authorizing the Housing and Redevelopment Authority to provide financial subsidy up to \$60,000 for the development of four single-family homes at 6812 Emerson Lane and authorizing the Executive Director to determine the final amount and funding source.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- In July 2019, the HRA approved a Contract with Endres Custom Homes for the construction of five single-family homes at 6812 Emerson Lane.
- Additional survey work was completed in August 2019 and errors in the original survey were discovered. Site plan adjustments were needed resulting in more variances required for the development of five lots. Staff began working with the Builder to determine whether the development could proceed with four lots and meet the subdivision requirements.
- Work sessions were held with the HRA and the City Council on November 13, 2018, and again on April 15, 2019, to review these proposals, along with other ideas, including: building one, two, three or four houses; incorporating the Property into Wood Lake Nature Center; building a dog park or archery range, and leaving the property as-is.
- At the April work session, policymakers determined that either two or five houses would be appropriate and fiscally responsible uses given the HRA's financial investment in the Property and the need for housing in the community. They directed staff to also offer neighbors the opportunity to submit a proposal. Neighbors submitted a preliminary proposal for two houses but determined that they couldn't submit a financially-feasible final proposal.

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

- The four lot proposal meets all zoning and subdivision requirements.
- The five lot proposal has lot sizes ranging from 5,630 to 6,400 and lot widths between 43 and 48 feet, which would require variances from the City's subdivision requirements. One setback variance may also be required.
- The subdivision ordinance requires a minimum lot size of 6,700 square feet and a minimum lot width of 50 feet. A smaller lot size of 6,400 square feet is consistent with the density allowed by the Comprehensive Plan (and that exists in existing residential development patterns). While there have been discussions about allowing for a smaller minimum lot size that is consistent with the density allowed by the Comprehensive Plan, the existing requirement is 6,700 square feet.
- The proposed project meets the objectives of the Richfield Rediscovered Program.
- The project meets the Housing Design and Site Development Criteria, as defined in the Richfield Rediscovered Guidelines.
- Approval of the development would meet the requirements of the HRA's Inclusionary Housing Policy: over a three-year period, at least 20% of the scattered-site units constructed must be affordable at 80% of the Area Median Income (AMI). From 2017-2019, the HRA is on track to facilitate construction of eight market rate homes and four affordable homes (33% affordable). Both the addition of four or five market-rate homes built at 6812 Emerson Lane leave the percentage of affordable new homes constructed above 20% for the 2018-2020 time period.
- There is high demand for new single family homes in Richfield, with nearly 200 individuals on the notification list for the Richfield Rediscovered program.

C. CRITICAL TIMING ISSUES:

- The Builder will need to apply to plat the property. The plat would be reviewed by the City Council in November or December.
- Further delay of the plat approvals could postpone site preparations to next Spring.
- The Builder has been developing this proposal since Summer 2018. At that time, he had two buyers interested in building new homes; however, both buyers have since found other lots to build

homes. The Builder won't close on the HRA property until buyers are identified.

- Emerson Avenue and Emerson Lane are scheduled for mill and overlay to be completed in Spring 2020, so utility improvements necessary for development should be completed beforehand to avoid damaging the newly refurbished road.

D. FINANCIAL IMPACT:

- Development costs for the four-home proposal remain estimated at \$310,000 (the same amount that would be required for five homes). This includes the cost of site preparation, road construction and utility installation.
 - These costs are beyond the normal costs undertaken at other Richfield Rediscovered lots because utility mains and the public road would need to be extended. The Builder would pay these costs in order to make the Property build-ready.
- Under the five home scenario, the land cost was estimated at \$62,000 per lot, which supported a home value of approximately \$355,000.
 - Spreading the development costs out over four homes leads to a higher land cost (\$77,500) and overall a higher cost of the home (\$373,000).
 - It is unclear if the housing market would support those prices on this site. If the land value does not support those costs, the HRA may be asked to subsidize the gap.
- An appraisal has been ordered and is expected by late October.
 - The appraisal will guide the HRA in establishing what the market-value is for four lots and will provide an estimated value of the homes to be built on the Property.
 - If the appraised values fall below \$77,500, the HRA would be asked to subsidize the project, or proceed with the five-home scenario, despite the need for variances.
- If the concept of four lots is approved, the exact subsidy amount (up to a maximum of \$60,000) and funding source would be approved by the Executive Director based on results of the appraisal.
- The Richfield Rediscovered Program typically offers a \$5,000 reduction in the lot sale price for homes that obtain an energy-efficiency certification, but that reduction was not included in the original Development Agreement. The Builder will still build the homes to the standard of Minnesota Green Path as well as include Sound Attenuation upgrades to help offset noise from the nearby highway.
- Since 2005, the HRA has spent over \$330,000 for the acquisition, demolition and maintenance of this property.
- For taxes payable in 2019, the approximate Richfield-portion and HRA-portion of property taxes collected from a home valued at \$373,000 is \$2,000. Estimated taxes from a home valued at \$355,000 is \$1,900.

E. LEGAL CONSIDERATION:

- The HRA Attorney has prepared the Amendment to the Contract for Private Redevelopment.
- There are occasionally changes of an administrative or technical nature that are required of a contract as more information becomes available; HRA legal counsel may be given authority to make these changes without further HRA consideration.
- A mailed notice was sent to property owners on Emerson Avenue, south of 66th Street, as a courtesy.

ALTERNATIVE RECOMMENDATION(S):

- Approve the plan for 4 homes with the requirement that the Amendment be returned to the HRA for consideration once a specific amount of assistance is determined.
- Do not approve an Amendment to the Contract for Private Development and keep the original plan for 5 homes.
- Direct staff to work with the Builder to revise the amended contract.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Dustin Endres, Endres Custom Homes

ATTACHMENTS:

Description		Type
▣	Resolution	Resolution Letter
▣	Amendment to Contract for Private Development	Contract/Agreement

HRA RESOLUTION NO.

RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT WITH ENDRES CUSTOM HOMES, INC.

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), entered into a Contract for Private Development, dated July 15, 2019 (the “Contract”), with Endres Custom Homes, Inc. (the “Developer”), pursuant to which the Developer agreed to purchase certain real property located at 6812 Emerson Lane South from the Authority and construct a five single family homes on the property; and

WHEREAS, an Amendment to Contract for Private Development (the “Amendment”) has been presented to the Board of the Authority which amends the number of homes constructed to four homes, and provides a subsidy to offset additional costs incurred by the reduction; and

WHEREAS, the Authority and the Developer propose to amend certain terms of the Original Agreement, including but not limited to extending the closing date, commencement date for construction, and completion date for the Minimum Improvements; and

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

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

1. The Amendment is hereby in all respects authorized, approved, and confirmed, and the Chairperson and the Executive Directed are hereby authorized and directed to execute the Amendment 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 o constitute conclusive evidence of their approval of any and all modifications therein.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 21st day of October, 2019.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

**FIRST AMENDMENT TO
CONTRACT FOR PRIVATE DEVELOPMENT**

THIS FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT (the “First Amendment to Agreement”) is made and entered into as of this ____ of October, 2019, by and between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a body corporate and politic under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, Richfield, Minnesota 55423 (the “HRA”), and Endres Custom Homes, Inc., a corporation under the laws of Minnesota, having its principal office at 7245 S Robert Trail, Inver Grove Heights, Minnesota 55077 (the “Builder”), and amends the Contract for Private Development, dated July 15, 2019 (the “Original Agreement”), between the HRA and the Builder.

WITNESSETH:

WHEREAS, the HRA and the Builder entered into the Original Agreement, pursuant to which the HRA agreed to convey the property legally described in EXHIBIT A attached hereto (the “Property”) to the Builder for \$1.00, and the Builder agreed to construct thereon the Improvements defined in the Original Agreement; and

WHEREAS, the Builder agreed to purchase the Property from the HRA and divide it into five lots and build homes on each lot; and

WHEREAS, the Builder now intends to divide the Property into four lots; and

WHEREAS, the Builder has determined that there will be additional costs for the construction of infrastructure improvements based on the change in number of lots; and

WHEREAS, the HRA has agreed to provide funds to the Builder to reimburse the Builder for the costs of additional public infrastructure, subject to the terms hereof; and

WHEREAS, the HRA and the Builder are entering into this First Amendment to Agreement, which amends and supplements the Original Agreement, to include the terms of the funds being provided by the HRA to reimburse the Builder for the costs of additional public infrastructure.

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

ARTICLE I.

AMENDMENTS

Section 1.1. Amendment to Definitions.

(a) The following definition is hereby added to Section 1.1 of the Original Agreement:

Agreement. The Contract for Development, dated July 15, 2019, between the HRA and the Builder, as amended by the First Amendment to Contract for Development, dated October ___, 2019, between the HRA and the Builder, as the same may be further amended from time to time.

(b) The following definitions are hereby amended as follows (new language is underlined, and deleted language is struck through):

Improvements. Each and all of the structures (including ~~five~~ four homes) and site improvements constructed on the Property by the Builder, as specified in the Construction Plans to be approved by the HRA.

Lot. Each of the ~~five~~ four lots that the Property will be divided into.

Section 1.2. Amendments to Article III of the Original Agreement.

(a) Section 3.1 of the Original Agreement is hereby amended as follows (new language is underlined, and deleted language is struck through):

Section 3.1. Purchase of Property by Builder. The HRA agrees to sell the Property to Builder and the Builder agrees to purchase the Property from the HRA in an “as-is” condition. The sale of the Property is contingent upon (i) the Builder providing the HRA with evidence satisfactory to the HRA that Builder has entered into a binding legal commitment, in the form of a Purchase Agreement for the resale of each of the ~~five~~ four Lots to a Homeowner following completion of the Improvements on each Lot; and (ii) the Builder entering into a development agreement with the City regarding construction of public improvements necessary for the Improvements as more fully described in Section 3.9. The HRA agrees to convey the Property to the Builder by Quit Claim Deed in the general form of Exhibit D. The HRA’s deed to the Builder will contain the right of reverter in Section 8.3. The purchase price for the Property, payable on the Closing Date (as defined in Section 3.7), will be \$1.00 (“Purchase Price”).

(b) Section 3.7 of the Original Agreement is hereby amended as follows (new language is underlined, and deleted language is struck through):

Section 3.7. Closing. Closing must take place on or before ~~December 31, 2019~~ June 30, 2020, ("Closing Date") or such other date as may be agreed to by the Builder and HRA in writing. On the Closing Date, the Builder will provide the HRA with ~~five~~ four separate cash deposits for the escrow accounts to be established for each Lot pursuant to Section 5.1, in addition to the Purchase Price.

(c) Section 3.13 of the of the Original Agreement is hereby amended as follows (new language is underlined, and deleted language is struck through):

Section 3.13. Platting Property. The Builder understands and acknowledges that it will be required to plat the Property into ~~five~~ four Lots at its own cost.

Section 1.3. Amendment to Article IV of the Original Agreement. Section 4.3 of the Original Agreement is hereby amended as follows (new language is underlined, and deleted language is struck through):

Section 4.3 Schedule of Construction. Subject to Unavoidable Delays, construction of the Improvements on each Lot shall be completed prior to ~~December 31, 2020~~ June 30, 2021 ("Construction Completion Date"). All construction shall be in conformity with the approved Construction Plans and the Guidelines. Periodically during construction the Builder 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 Builder will be unable to complete construction of the Improvements on each Lot in the time permitted by this Section 4.3, it may notify the Builder and demand assurances from the Builder regarding the Builder'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 1.4. Amendment to Article V of the Original Agreement. The following section is hereby added to Article V of the Original Agreement:

Section 5.2. Public Infrastructure. The Developer has determined that the cost of the infrastructure for the four Lots will increase the costs of the lots to the extent that the Lots will be too expensive for potential buyers to afford a Lot. In order to maintain the affordability of the Lots, the HRA will reimburse the Builder for costs of public infrastructure incurred in connection with the division of the Property into four Lots, subject to an aggregate maximum amount of \$60,000. Prior to any reimbursement by the HRA, the Builder must provide evidence satisfactory to the HRA Executive Director of the actual need for assistance. Such evidence may include appraisals, pro formas, comparable lot prices, or a sources and uses statement.

Section 1.5. Amendment to Article IX of the Original Agreement. The notice address for the Builder provided in Section 9.3(b) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

(b) As to the Builder:

Dustin Endres
Endres Custom Homes, Inc.
7245 S Robert Trail
Inver Grove Heights, MN 55077

ARTICLE II.

MISCELLANEOUS

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

Section 2.2 Effective Date. The amendments and supplements made to the Original Agreement, as amended and supplemented by this First Amendment to Agreement shall be effective as of October ___, 2019.

Section 2.3 Confirmation of Agreement. Except as specifically amended by this First 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 HRA has caused this First Amendment to Contract for Private Development to be duly executed in its name and behalf and the Builder has caused this First Amendment to Contract for Private Development to be duly executed as of the day and year first written above.

**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 _____, 2019, by Mary B. Supple, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the HRA.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2019, by John Stark, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

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

ENDRES CUSTOM HOMES, INC.

By _____
Its _____

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019, by _____, the _____ of Endres Customs Homes, Inc., a Minnesota corporation, on behalf of the Builder.

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

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

That part of Government Lot 6, Section 28, Township 28, North Range 24, West of the 4th Principal Meridian, described as follows: Commencing at the Northeast corner of the West 20 acres of said Government Lot 6; thence East along Fort Snelling and Minnetonka Road 160 feet; thence South to shore of WoodLake; thence along the said Shore to the East line of said 20 acres; thence North to place of beginning, Except the North 783 feet thereof; and except that part of Government Lot 6, Section 28, Township 28, Range 24, Hennepin County, Minnesota, described as follows, to-wit: Beginning at a point on the West line of Lot 6, "Vehe Addition," 16 feet North of the Southwest corner thereof; thence West on a line parallel with the Northerly line of said Government Lot 6 a distance of 148.0 feet; thence South on a line parallel with the East line of the West 20 acres of said Government Lot 6 to its place of intersection with the Northerly line of West 68th Street; thence Northeasterly along the Northerly line of said West 68th Street to the Southwesterly corner of Lot 7, "Vehe Addition;" thence North along the West line of said Lots 6 and 7, "Vehe Addition," to the point of beginning; and except that part of Government Lot 6, Section 28, Township 28, Range 24, lying South of the following described boundary line, to-wit: Commencing at the Southeast corner of Lot 7, "Vehe Addition;" thence Southwesterly a distance of 135.35 feet to the Southwest corner of said Lot 7, "Vehe Addition," to the actual point of beginning; thence continuing Southwesterly on an extension of the South line of said Lot 7, "Vehe Addition" to the East line of the West 20 acres of Government Lot 6, Section 28, Township 28, Range 24, also; the East 10 feet of the North 783 feet of that part of Government Lot 6, lying West of the West line of Payton Manor and the same extended, Section 28, Township 28, Range 24, Hennepin County, Minnesota, according to the United States Government Survey thereof and situate in Hennepin County, Minnesota.

That part of the south 10 acres of the west 20 acres of Government Lot 6 of Section 28, Township 28 North, Range 24 West, together with that part of dried up lake bed of Wood Lake appurtenant thereto, lying easterly of Trunk Highway No. 65 as located and established on March 23, 1956; which h lies between two lines run parallel with and distant 1 foot and 21 feet westerly of the east line of the above described tract, northerly of a line run parallel with and distant 1 foot north of the south line of said tract, and southerly of the following described line:

Beginning at a point on a line run parallel with and distant 783 feet south of the east and west quarter line of said Section 28, distant 55 feet westerly of its intersection with a line run parallel with and distant 10 feet west of the west line of Payton Manor extended southerly; thence run southwesterly to a point on the east line of the above described tract distant 345 feet north of the southeast corner thereof; thence continue southwesterly on the last described course for 60 feet and there terminating; containing 0.15 acre, more or less.

Subject to the following restrictions:

No access shall be permitted to Trunk Highway No. 50, renumbered 65, and to Trunk Highway No. 394, renumbered 35W from the lands herein conveyed. No advertising devices in any form or size shall be constructed, placed or permitted to be constructed or placed upon the lands

except: (1) signs, displays and devices advertising the sale or lease of the property and (2) signs, displays and devices advertising activities conducted on the property; the real estate shall not be used as an automobile junk yard or as a repository for rubbish in any form.

Except that part of Government Lot 6, Section 28, Township 28, Range 24, shown as parcel 65A on Minnesota Department of Transportation right of way plat numbered 27-111 as the same is on file and of record in the office of the county recorder in and for Hennepin county, Minnesota.

Except the South 12.0 feet or the North 45.0 feet or the following described tract: the East 10 feet of the North 783 feet of that part of government Lot 6, lying west of the west line of Payton Manor and the same extended, Section 28, Township 28, Range 24, Hennepin County, Minnesota, together with right of access, begin the right of ingress and egress from that part of the above described tract not acquired to CSAH No. 53.



STAFF REPORT NO. 36
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/21/2019

REPORT PREPARED BY: Kate Aitchison/Celeste McDermott, Housing Specialists
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/15/2019

ITEM FOR COUNCIL CONSIDERATION:

Consider an amendment to the Contract for Private Development with Twin Cities Habitat for Humanity for 6310 Irving Avenue South to allow reimbursement for abatement of contaminated soil.

EXECUTIVE SUMMARY:

On May 20, 2019, the Richfield Housing and Redevelopment Authority (HRA) approved a Contract for Private Development (Contract) with Twin Cities Habitat for Humanity (TCHFH) for the development of a single-family home at 6310 Irving Avenue South (Property). The Property is being developed under the HRA's New Home Program and will sell to an income-qualified buyer. The Property was sold to TCHFH for one dollar in exchange for the construction of a new public alley that will serve the Property and also two adjacent homes. The existing unpaved alley did not meet current City construction standards.

During site preparations in August and September, TCHFH discovered a large amount of asbestos siding and/or roofing in the soil that needed to be removed. While hazardous materials from the house itself had previously been abated by the HRA, these shakes were found in the soil, in an area not included in the abatement. This was likely from a re-siding that occurred in the mid-1900s; the shakes found did not match those on the home that was demolished.

The cost of the removal of the material was approximately \$30,000. If the contaminated soil had been found at the time of the original hazardous material survey by the HRA, the cost would have been paid by the HRA. Given the extraordinary costs of the alley improvements that TCHFH is constructing, they are requesting additional subsidy to pay for the asbestos abatement.

RECOMMENDED ACTION:

By motion: Approve an amendment to the Contract for Private Development with Twin Cities Habitat for Humanity, authorizing the Housing and Redevelopment Authority to provide financial assistance for asbestos removal in the development of one single-family home at 6310 Irving Avenue South.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- In 2012, the HRA purchased the substandard property at 6310 Irving Avenue South using Community Development Block Grant Program (CDBG) funds.
 - In May 2019, the HRA approved a Contract for Private Development with the TCHFH for the construction of a new home and construction of a new public alley.

- In August 2019, during site preparation, TCHFH discovered soil contaminated with asbestos that needed to be removed to develop the lot.
- Under the New Home Program, the HRA has partnered with TCHFH to construct 13 affordable homes since 1993.

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

- The New Home Program (Program) implements the goal of the Comprehensive Plan to ensure sufficient diversity in the housing stock to provide for a range of household sizes, income levels, and needs. The Program carries out the policies that support this goal including:
 - Promote the development of a balanced housing stock that is available to a range of income levels.
 - Promote the development, management and maintenance of affordable housing in the City through assistance programs, alternative funding sources, and the creation of partnerships whose mission is to promote low to moderate-income housing.

C. CRITICAL TIMING ISSUES:

TCHFH needed to move forward with the abatement work, in order to maintain a timely construction schedule. They are requesting reimbursement for the work.

D. FINANCIAL IMPACT:

- The asbestos contaminated soil found in August cost \$31,644.45 for removal.
- Funds are available in the Housing and Redevelopment Fund (HRF) to pay for the expense. Soil abatement is an eligible use for HRF funds.
- In 2012, the Property was purchased for \$52,000 using Federal Community Development Block Grant (CDBG) funds. An additional \$8,600 was spent on abatement and demolition costs for the structure.
- In May 2019, the Property was sold to TCHFH for one dollar.

E. LEGAL CONSIDERATION:

- The HRA Attorney prepared the Amendment to the Contract for Private Development.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the Amendment to the Contract for Private Development.
- Propose an alternative amount of assistance.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
<input type="checkbox"/> Resolution	Resolution Letter
<input type="checkbox"/> Amendment to Contract for Private Development	Contract/Agreement
<input type="checkbox"/> Request for Funds 6310 Irving	Backup Material
<input type="checkbox"/> Invoice for Asbestos Work	Backup Material

HRA RESOLUTION NO.

RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT WITH TWIN CITIES HABITAT FOR HUMANITY, INC.

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), entered into a Contract for Private Development, dated May 20, 2019 (the “Contract”), with Twin Cities Habitat for Humanity, Inc., (the “Developer”), pursuant to which the Developer agreed to purchase certain real property located at 6310 Irving Avenue South from the Authority and construct a a single family home on the property; and

WHEREAS, an Amendment to Contract for Private Development (the “Amendment”) has been presented to the Board of the Authority which provides a subsidy from the Authority to the Developer to offset additional costs incurred by asbestos abatement; and

WHEREAS, the Authority and the Developer propose to amend certain terms of the Original Agreement, including but not limited to extending the closing date, commencement date for construction, and completion date for the Minimum Improvements; and

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

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

1. The Amendment is hereby in all respects authorized, approved, and confirmed, and the Chairperson and the Executive Directed are hereby authorized and directed to execute the Amendment 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 o constitute conclusive evidence of their approval of any and all modifications therein.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 21st day of October, 2019.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

**FIRST AMENDMENT TO
CONTRACT FOR DEVELOPMENT**

THIS FIRST AMENDMENT TO CONTRACT FOR DEVELOPMENT (the “First Amendment to Agreement”) is made and entered into as of this ____ of October, 2019, by and between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a body corporate and politic under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, Richfield, Minnesota 55423 (the “HRA”), and Twin Cities Habitat for Humanity, Inc., a nonprofit corporation under the laws of Minnesota, having its principal office at 1954 University Ave W, St Paul, Minnesota 55104 (the “Developer”), and amends the Contract for Development, dated May 20, 2019 (the “Original Agreement”), between the HRA and the Developer.

WITNESSETH:

WHEREAS, the HRA and the Developer entered into the Original Agreement, pursuant to which the HRA agreed to convey the property legally described in EXHIBIT A attached hereto (the “Property”) to the Developer for \$1.00, and the Developer agreed to construct thereon the Improvements defined in the Original Agreement for purposes of providing affordable housing in the City; and

WHEREAS, subsequent to the execution of the Original Agreement, the Developer discovered asbestos on the Property, which will require removal; and

WHEREAS, the HRA has agreed to provide funds to the Developer in the amount of \$31,644.45 for purposes of asbestos removal; and

WHEREAS, the HRA and the Developer are entering into this First Amendment to Agreement, which amends and supplements the Original Agreement, to include the provisions of funds to the Developer from the HRA for purposes of asbestos removal on the Property.

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

ARTICLE I.

AMENDMENTS

Section 1.1 Amendment to Definitions. The following definition is hereby added to Section 1.1 of the Original Agreement, and all internal numbering shall be adjusted:

(b) **Agreement.** The Contract for Development, dated May 20, 2019, between the HRA and the Developer, as amended by the First Amendment to Contract for Development, dated October 21, 2019, between the HRA and the Developer, as the same may be further amended from time to time.

Section 1.2 Amendment to Article IV of the Original Agreement. The following section is hereby added to Article IV of the Original Agreement:

Section 4.6 Asbestos Removal. The HRA shall provide funds to the Developer in the amount of \$31,644.45 for the purpose of removing asbestos from the Property. So long as the Developer is not in default under the Agreement, the Developer shall have no obligation to repay this amount to the HRA.

ARTICLE II.

MISCELLANEOUS

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

Section 2.2 Effective Date. The amendments and supplements made to the Original Agreement, as amended and supplemented by this First Amendment to Agreement shall be effective as of October 21, 2019.

Section 2.3 Confirmation of Agreement. Except as specifically amended by this First 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 HRA has caused this First Amendment to Contract for Development to be duly executed in its name and behalf and the Developer has caused this First Amendment to Contract for Development to be duly executed as of the day and year first written above.

**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 October, 2019, by Mary B. Supple, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the HRA.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of October, 2019, by John Stark, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

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

**TWIN CITIES HABITAT FOR HUMANITY,
INC.**

By _____
Its _____

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of October, 2019,
by _____, the _____ of Twin Cities
Habitat for Humanity, Inc., a Minnesota nonprofit corporation, on behalf of the Developer.

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

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lot 4, Block 6, "Ray's Lynnhurst," Hennepin County.

Celeste McDermott
Housing Specialist
City of Richfield
6700 Portland Ave
Richfield, MN 55423

Re: Asbestos siding contamination clean up at 6310 Irving Ave S, Richfield

Dear Ms. McDermott,

Twin Cities Habitat for Humanity purchased the above property from the Richfield HRA on June 25, 2019 with the intention of constructing a single family dwelling that would be affordable to a family earning up to 80% of Area Median Income, and to construct an alley to serve this lot as well as adjacent lots.

When we began excavation for the house, we discovered extensive contamination of the soil with asbestos siding materials, which was not known to exist by either party. Upon consultation with an environmental engineer, it was determined that substantial amounts of topsoil would have to be removed from the site and delivered to a hazardous waste dump.

Our excavation contractor conducted this work and billed us according to the attached invoice. The total cost for the cleanup was \$31,644.45. This unanticipated expense is challenging to manage within the tight budget that we have for these types of projects.

Upon consultation with you and other city staff, we were informed that there may be additional funds available to assist in covering the cost of this cleanup. We respectfully request your consideration of any contribution that you can make to help close the funding gap that this expense creates.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chad Dipman', followed by a long horizontal line extending to the right.

Chad Dipman
Project Manager
Twin Cities Habitat for Humanity

**ONE CALL CONTRACTING, INC**2308 - 135TH LANE NW, SUITE B
ANDOVER, MN 55304**Invoice**

DATE	INVOICE #
9/9/2019	2889

BILL TOHABITAT FOR HUMANITY
1954 UNIVERSITY AVE
ST. PAUL, MN

P.O. No.	TERMS	PROJECT
SITE# 1629	NET 30	6310 IRVING AVE S Ric...

QUANTITY	DESCRIPTION	RATE	AMOUNT
	1.) PROVIDE, IMPORT AND INSTALL ROCK CONSTRUCTION ENTRANCE. 2.) EXCAVATE FOR NEW BASEMENT, GARAGE, PORCH PIERS, DRIVEWAY 3.) PARTIAL EXPORT AND DISPOSAL OF APPROXIMATELY 420 CY OF EXCESS MATERIAL. 4.) BACKFILL FOUNDATION, GARAGE SLAB, PORCHPIERS, DRIVEWAY 5.) PROVIDE, IMPORT AND INSTALL 50 TONS OF 6" RADON MITIGATION ROCK 6" THICK, 12" OF DRAIN TILE ROCK, EGRESS ROCK. 6.) PROVIDE, IMPORT AND INSTALL 71 TONS OF CLASS 5 FOR GARAGE SLAB 6" THICK, 6" FOR DRIVEWAY AND ALLEY. TOTAL DEDUCTION FOR FINAL GRADE AND GRADING FOR NEW ALLEY NOT YET COMPLETED SHORING FOR 2 WALLS (INSTALL ONLY, SHORING EQUIPMENT PROVIDED BY OTHERS) SAMPLING AND LAB WORK FOR ASBESTOS SAMPLING AND LAB WORK FOR HEAVY METALS AND PETROLEUM, EXPEDITED (PER LANDFILL REQUIREMENTS FOR DISPOSAL) DISPOSAL OF ASBESTOS CONTAINING FILL ASBESTOS LABORER	29,502.00 -3,000.00 6,500.00 850.00 3,850.00 72.50 95.00	29,502.00 -3,000.00 6,500.00 850.00 3,850.00 26,014.45 950.00
358.82 10			
		Total	\$64,666.45



STAFF REPORT NO. 37
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
10/21/2019

REPORT PREPARED BY: Celeste McDermott, Housing Specialist
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
10/15/2019

ITEM FOR COUNCIL CONSIDERATION:

Consider the approval of a resolution accepting contributions for the 2019 Tour of Remodeled Homes.

EXECUTIVE SUMMARY:

The Community Development Department solicited financial sponsorship for the 2019 Renovation Celebration: Tour of Remodeled Homes in Richfield (Tour). Five sponsors donated \$200 each to sponsor the Tour. The funds were used to provide gift cards to participating homeowners and for marketing expenses. State law requires the Housing & Redevelopment Authority (HRA) to accept the funds by resolution.

Grants were provided by:

- Builders by Design
- The Center for Energy and Environment
- E.J. Hansen AIA (architect)
- Sicora Design/Build, and,
- Steve Schneeberger of Keller Williams Realty

RECOMMENDED ACTION:

By motion: Approve a resolution allowing the acceptance of monetary support solicited for the 2019 Tour of Remodeled Homes.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

The Tour was held on October 5, 2019. Six homes were open to the public from 1:00 to 5:00 p.m. Approximately 350 people attended the Tour to learn about the remodeling projects from the homeowners, builders, and architects. Information about HRA housing programs, and how various projects impact a home's value, was also provided. Builders by Design, The Center for Energy and Environment, E.J. Hansen AIA, Sicora Design/Build, and Steve Schneeberger of Keller Williams Realty participated in the Tour and provided \$200 to be a Tour sponsor. They were present at the Tour and their names and logos were part of marketing materials. The funds were used to defray marketing expenses for the Tour and to provide gift cards to the six homeowners for participating.

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

The Tour was part of the HRA's housing marketing plan that was adopted in 2014. The Tour highlighted investment in the local housing stock and offered information on the HRA's remodeling programs.

C. CRITICAL TIMING ISSUES:

A resolution accepting the donations needs to be passed before the end of the 2019 calendar year.

D. FINANCIAL IMPACT:

The HRA received \$1,000 in donations towards Tour expenses. One lender, three designers/builders, and one realtor donated \$200 each to sponsor the Tour.

E. LEGAL CONSIDERATION:

Minnesota Statute 465.03 requires that every acceptance of a grant or devise of real or personal property on terms prescribed by the donor be made by resolution.

ALTERNATIVE RECOMMENDATION(S):

Direct staff to return the donations to the donors.

PRINCIPAL PARTIES EXPECTED AT MEETING:

ATTACHMENTS:

Description		Type
D	Resolution	Resolution Letter

RESOLUTION NO.

**RESOLUTION AUTHORIZING RICHFIELD COMMUNITY DEVELOPMENT
DEPARTMENT TO ACCEPT DONATIONS FROM THE LISTED BUSINESSES FOR
DESIGNATED USES**

WHEREAS, the Community Development Department received checks from the following for the 2019 Renovation Celebration: Tour of Remodeled Homes;

Builders by Design
Center for Energy and Environment
E.J. Hansen, AIA
Sicora Design/Build
Steve Schneeberger, Keller Williams Realty

and,

WHEREAS, Minnesota Statute requires every acceptance of a grant or devise of real or personal property on terms prescribed by the donor be made by resolution; and,

WHEREAS, the donated funds will be used towards the designated events sponsored by the Community Development Department.

NOW, THEREFORE, BE IT RESOLVED that the Director of Community Development will accept and distribute the donations as specified.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 21st day of October, 2019.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

Checks Received 2019

Business Name	Amount of Donation	Designation
Builders by Design	\$200.00 (used for gift cards and marketing expenses)	Remodeled Home Tour
Center for Energy and Environment	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
E.J. Hansen, AIA	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
Sicora Design/Build	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
Steve Schneeberger, Keller Williams Realty	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
Total:	\$1,000	