



CITY OF RICHFIELD, MINNESOTA

MONDAY, MARCH 21, 2016

RICHFIELD MUNICIPAL CENTER  
6700 PORTLAND AVENUE

**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING**

**COUNCIL CHAMBERS**

**7:15 P.M.**

**AGENDA**

Call to order

1. Approval of the minutes of the (1) Special Concurrent City Council, HRA, and Planning Commission Worksession of February 9, 2016 and (2) Regular HRA Meeting of February 16, 2016
2. HRA approval of the agenda
3. HRA Programs/Community Development 2015 Year in Review
4. Consideration of a resolution authorizing the purchase of real property located at 7533 Dupont Avenue through the Richfield Rediscovered Program

Staff Report No. 10

5. Consideration regarding a special, temporary adjustment of payment standard for the Section 8 Rent Assistance Program for the clients at Concierge Apartments

Staff Report No. 11

6. HRA discussion items
7. Executive Director report
8. Claims and payroll

Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**

**HOUSING AND REDEVELOPMENT  
AUTHORITY MINUTES**  
Richfield, Minnesota



**Special Concurrent City Council,  
Housing and Redevelopment Authority,  
and Planning Commission Worksession**

**February 9, 2016**

**CALL TO ORDER**

The concurrent worksession was called to order by Mayor Goettel at 6:15 p.m. in the Bartholomew Room.

*Council Members Present:* Debbie Goettel, Mayor; Pat Elliott; Edwina Garcia; Tom Fitzhenry and Michael Howard.

*HRA Members Present:* Mary Supple, Chair; Pat Elliott, and Debbie Goettel.

*HRA Members Absent:* David Gepner and Doris Rubenstein.

*Planning Commission Members Present:* Rick Jabs, Chair; Sean Hayford Oleary; Susan Rosenberg; Daniel Kitzberger; and Erin Vrieze Daniels.

*Planning Commission Members Absent:* Charles Standfuss and Gordon Vizecky.

*Staff Present:* Steven L. Devich, City Manager/Executive Director; John Stark, Community Development Director; and Cheryl Krumholz, Executive Coordinator.

**Item #1**

**DISCUSSION REGARDING A CEDAR POINT UPDATE AND A NEW DEVELOPMENT PROPOSAL (COUNCIL MEMO NO. 11/HRA MEMO NO. 5)**

Community Development Director Stark explained that a portion of the Cedar Point retail development was sold by Ryan Companies to Hempl Companies.

Ben Krsnak, Hempl Companies, discussed future plans for the existing center and the vacant parcels.

Duane Helm, Mt. Calvary Church representative, expressed the church's desire to be included in development discussions.

Community Development Director Stark explained the process moving forward.

Lonnie Provencher, Interstate Partners, presented their proposal for a new retail building at the southwest corner of the roundabout at 66<sup>th</sup> Street and Richfield Parkway, including the purchase of HRA-owned properties in the development area.

There was discussion regarding neighborhood concerns related to the drive-through for the proposed fast, casual restaurant on the east end of the development. Concerns included lighting, odors, traffic flow and hours of operation.

Community Development Director Stark stated that all the key issues and challenges raised this evening have been discussed on the staff level.

The concurrent worksession was adjourned by unanimous consent at 6:55 p.m.

Date Approved: March 21, 2016.

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Mary B. Supple  
Chair

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Cheryl Krumholz  
Executive Coordinator

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Steven L. Devich  
Executive Director



# HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

## Regular Meeting

### February 16, 2016

**CALL TO ORDER**

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

**ATTENDANCE**

*HRA Members Present:* Mary Supple, Chair; David Gepner; Debbie Goettel; and Doris Rubenstein

*HRA Members Absent:* Pat Elliott

*Staff Present:* Steve Devich, Executive Director; John Stark, Community Development Director, and Julie Eddington, HRA Attorney

<b>Item #1</b>	<b>APPROVAL OF THE MINUTES OF THE (1) SPECIAL HRA MEETING OF JANUARY 25, 2016 AND SPECIAL CONCURRENT CITY COUNCIL, HRA, AND PLANNING COMMISSION WORKSESSION OF JANUARY 26, 2016</b>
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M/Goettel, S/Rubenstein to approve the minutes.

Motion carried 4-0.

<b>Item #2</b>	<b>HRA APPROVAL OF THE AGENDA</b>
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M/Rubenstein, S/Gepner to approve the agenda.

Motion carried 4-0.

<b>Item #3</b>	<b>CONSENT CALENDAR</b>
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- A. Consideration of the approval of the Release of Contract for Private Development and a resolution authorizing the repurchase of 7309 10th Avenue from Key Land Homes S.R. No. 7

HRA RESOLUTION NO. 1224

**RESOLUTION APPROVING REPURCHASE OF PROPERTY AND RELEASE OF CONTRACT FOR PRIVATE DEVELOPMENT WITH KEY LAND HOMES**

This resolution appears as HRA Resolution No. 1224.

- B. Consideration of the approval of a resolution authorizing the acquisition of certain properties within the City of Richfield S.R. No. 8

HRA RESOLUTION NO. 1221

RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN PROPERTY WITHIN THE CITY OF RICHFIELD

This resolution appears as HRA Resolution No. 1221.

M/Goettel, S/Gepner to approve the Consent Calendar.

Motion carried 4-0.

Item #4	<p><b>PUBLIC HEARING REGARDING THE DEVELOPMENT OF THE FORMER CITY PUBLIC WORKS SITE:</b></p> <ul style="list-style-type: none"> <li>• RESOLUTION APPROVING A CONTRACT FOR PRIVATE DEVELOPMENT WITH MESABA CAPITAL DEVELOPMENT, LLC AND AUTHORIZING CONVEYANCE OF INTEREST IN CERTAIN LAND; AND</li> <li>• REVISED RESOLUTION FOR AN INTERFUND LOAN IN THE AMOUNT OF \$544,000 S.R. NO. 9</li> </ul>
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Community Development Director Stark reviewed Staff Report No. 9.

Commissioner Goettel asked about the affordable aspect since this project uses TIF.

Community Development Director Stark explained how affordability fits into this project.

Community Development Director Stark explained the difficulty in finding a developer to do a project on this site. He continued that it was especially difficult to get a market rate housing project on this site.

Commissioner Rubenstein stated that she supported this project.

Commissioner Goettel commented on the good work done by the developer in putting this project together.

Chair Supple stated that she supported the project.

M/Rubenstein, S/Goettel to close the public hearing.

Motion carried 4-0.

M/Rubenstein, S/Goettel that the following resolutions be approved:

HRA RESOLUTION NO. 1222

RESOLUTION APPROVING A CONTRACT FOR PRIVATE DEVELOPMENT WITH MESABA CAPITAL DEVELOPMENT, LLC, AND AUTHORIZING THE CONVEYANCE OF INTEREST IN CERTAIN LAND

This resolution appears as HRA Resolution No. 1222

HRA RESOLUTION NO. 1223

RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH PROPOSED TAX INCREMENT FINANCING DISTRICT NO. 2014-1

This resolution appears as HRA Resolution No. 1223

Motion carried 4-0.

<b>Item #5</b>	<b>HRA DISCUSSION ITEMS</b>
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None.

<b>Item #6</b>	<b>EXECUTIVE DIRECTOR REPORT</b>
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None.

<b>Item #7</b>	<b>CLAIMS AND PAYROLL</b>
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M/Goettel, S/Gepner that the following claims and payroll be approved:

<b>U.S. BANK</b>		<b>02/16/2016</b>
Section 8 Checks: 127426-127509	\$	165,886.50
HRA Checks: 32578-32602	\$	98,148.91
<b>TOTAL</b>	<b>\$</b>	<b>264,035.41</b>

Motion carried 4-0.

<b>ADJOURNMENT</b>
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The meeting was adjourned by unanimous consent at 7:22 p.m.

Date Approved: March 21, 2016

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Mary B. Supple  
HRA Chair

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Steven L. Devich  
Acting City Clerk


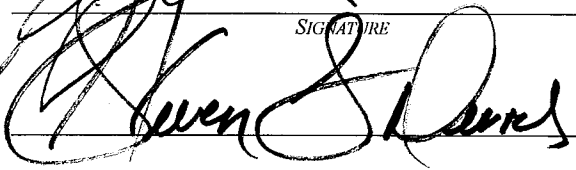
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Steven L. Devich  
Executive Director



## STAFF REPORT

### HOUSING AND REDEVELOPMENT AUTHORITY MEETING MARCH 21, 2016

REPORT PREPARED BY:	JULIE URBAN/KATE AITCHISON, HOUSING SPECIALISTS <small>NAME, TITLE</small>
REPORT PRESENTER:	KAREN BARTON, ASSISTANT COMMUNITY DEVELOPMENT DIRECTOR <small>NAME, TITLE</small>
DEPARTMENT DIRECTOR REVIEW:	<input checked="" type="checkbox"/>  <small>SIGNATURE</small>
REVIEWED BY EXECUTIVE DIRECTOR:	<input checked="" type="checkbox"/> 

**ITEM FOR HRA CONSIDERATION:**  
Consideration of a resolution authorizing the purchase of real property located at 7533 Dupont Avenue through the Richfield Rediscovered Program.

**I. RECOMMENDED ACTION:**  
**By Motion: Approve the resolution authorizing the purchase of real property located at 7533 Dupont Avenue through the Richfield Rediscovered Program.**

**II. EXECUTIVE SUMMARY**

The property at 7533 Dupont Avenue has been vacant since 2010. The property owner passed away, and the property was abandoned, leading to the property becoming tax forfeited in 2015. The house was recently appraised at \$75,000.

The house was evaluated by the Housing and Redevelopment Authority's (HRA) inspector and determined to meet the substandard criteria. The HRA would acquire the property for \$77,681, which includes the property value plus the fees charged by the State for tax forfeited property. Subsequently, the house will be demolished and

the 50-foot wide vacant lot marketed for sale through the Richfield Rediscovered Program.

### III. BASIS OF RECOMMENDATION

#### A. BACKGROUND

- Staff became aware of the blighted property, noting that it was in a tax forfeiture status.
- Staff contacted the property owner's heirs, who confirmed that they had abandoned the property.
- HRA staff worked with the HRA Attorney to have the property legally declared abandoned, which accelerated the tax forfeiture process.
- The house has three bedrooms and one bath and was built in 1938.
- The house has been vacant and not maintained since 2010. The property was not winterized and the copper stolen.
- An independent evaluation was conducted and concluded that the house is structurally and functionally substandard, containing many code and structural deficiencies that would be cost-prohibitive to correct.
- A Richfield Rediscovered house was built on the adjacent property (7537 Dupont Avenue) in 2014.

#### B. POLICY

- The 2008-2018 Richfield Comprehensive Plan states as policy:
  - Encourage the creation of "move-up" housing through new construction and home remodeling.
  - Promote the development of a balanced housing stock that is available to a range of income levels.
- Through the City's Richfield Rediscovered Program, the HRA purchases and removes substandard and functionally obsolete housing and replaces it with newer, higher valued homes.

#### C. CRITICAL TIMING ISSUES

- The County offers the HRA the first right to purchase tax forfeited properties. If the HRA declines to purchase the property, it will be sold at public auction.
- The County requires a resolution from the HRA, requesting purchase of the property. Once the County receives the resolution and payment, the State will provide the HRA with a deed to the property.
- Demolition will occur this spring.

#### D. FINANCIAL

- The property was appraised at \$75,000. The County charges fees of \$2,681 for a total acquisition cost of \$77,681.
- Funding is available for this acquisition and demolition in the HRA's 2016 Budget under the Richfield Rediscovered Program.



E. LEGAL

- Legal counsel has guided staff through the tax forfeiture process, representing the HRA's interest.

IV. ALTERNATIVE RECOMMENDATION(S)

- Do not authorize the purchase of the property.

V. ATTACHMENTS

- Resolution
- Photo of existing structure
- Hennepin County Land Cost Sheet

VI. PRINCIPAL PARTIES EXPECTED AT MEETING

- None

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

**RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY  
LOCATED AT 7533 DUPONT AVENUE**

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

7533 Dupont Avenue

Legal: Lot 16, Block 22, Irwin Shores, according to the plat thereof on file and of record in the office of the Hennepin County Recorder

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

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

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

1. The purchase price for the property is approved at \$75,000 plus administrative fees, not to exceed \$77,681.
2. The Chairperson and Executive Director are authorized to execute quit claim deeds and to take other actions necessary to purchase the property for the amount set forth in this Resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota on this 21st day of March, 2016.

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Mary B. Supple, Chair

**ATTEST:**

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Doris Rubenstein, Secretary

7533 Dupont



**Hennepin County Resident and Real Estate Services**  
**Tax Forfeited Land Cost Sheet for Governmental Subdivision**

From: Marlena Merrity - Senior Property Management Specialist  
 Date: 2/11/2016  
 Direct: 612-596-6527  
 PREPARED FOR: City of Richfield Julie Urban 612-861-9778

<b>PROPERTY ID#</b>	<b>33-028-24-41-0098</b>	<b>NER # 23723</b>
<b>PURCHASE COSTS:</b>		
Assessed Value		\$75,000.00
Specials After Forfeiture		50.00
Assurance Fee (3%)		\$2,250.00
State Deed Preparation Fee:		\$25.00
Filing Fees:	{TFL to file deed}	\$51.00
State Deed Tax:	{ \$ 1.70 / \$500 or part thereof - see chart }	\$255.00
TFL Holding Costs per MN Statute 282.01 Subd 1.		<u>\$100.00</u>
<b>FULL PAYMENT REQUIRED:</b>	<b>Total:</b>	<b>\$77,681.00</b>

**DATE PREPARED: 2/11/2016**                      **\* VALID THROUGH: 4/11/2016**

**Payment must be postmarked no later than April 11, 2016**

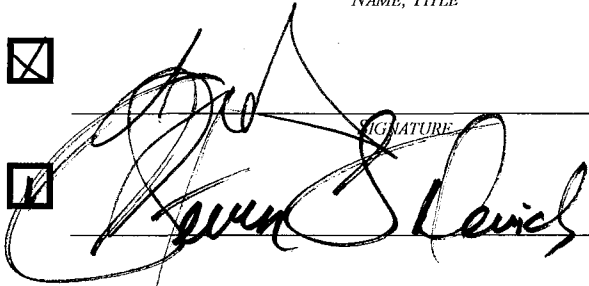
**CERTIFIED FUNDS PAYABLE AT TIME OF APPLICATION**  
**MAKE PAYABLE TO:**                      HENNEPIN COUNTY TREASURER  
**SUBJECT PARCEL:**                      7533 Dupont Ave S  
**PID NUMBER:**                          33-028-24-41-0098

\*Hennepin County reserves the right to update cost at anytime



## STAFF REPORT

### HOUSING AND REDEVELOPMENT AUTHORITY MEETING MARCH 21, 2016

REPORT PREPARED BY:	LYNNETTE CHAMBERS, MULTIFAMILY HOUSING COORDINATOR <small>NAME, TITLE</small>
REPORT PRESENTER:	KAREN BARTON, ASSISTANT COMMUNITY DEVELOPMENT DIRECTOR <small>NAME, TITLE</small>
DEPARTMENT DIRECTOR REVIEW:	<input checked="" type="checkbox"/>
REVIEWED BY EXECUTIVE DIRECTOR:	<input checked="" type="checkbox"/>  <small>SIGNATURE</small>

**ITEM FOR HRA CONSIDERATION:**  
Consideration regarding a special, temporary adjustment of payment standard for the Section 8 Rent Assistance Program for the clients at Concierge Apartments.

**I. RECOMMENDED ACTION:**  
**By Motion: Approve a special, temporary adjustment of payment standard for the Section 8 Rent Assistance Program for the clients at Concierge Apartments.**

**II. EXECUTIVE SUMMARY**

Effective December 1, 2015 the Housing and Redevelopment Authority (HRA) approved a new payment standard for the Section 8 Rent Assistance Program. Increased payment standards are usually applied to contract rents at the tenant's lease renewal or upon moving. However, the HRA staff requested a variance from the Department of Housing and Urban Development (HUD) to this rule for tenants facing a significant contract rent increase at the Concierge Apartments. This higher payment standard was applied to the contract rent increases imposed by Concierge Apartments for their month-to-month tenants effective March 1, 2016.

Although the increased payment standard was applied, six clients still face significant out-of-pocket rent increases. In an effort to alleviate this added rent burden, staff researched means to further assist these clients and found that HUD

allows the HRA to implement a special, temporary payment standard in certain circumstances.

Staff is recommending that the HRA approve a special, temporary payment standard increase to \$883. This represents the maximum amount allowed by HUD for the affected six clients through their lease termination date of May 31, 2016. The \$883 special, temporary payment standard would reduce the rent increase by an additional \$33 per month for each client and would be retroactive to March 1, 2016.

### III. BASIS OF RECOMMENDATION

#### A. BACKGROUND

- The Section 8 Program is administered in accordance with the HRA Administrative Plan.
  - Per the plan and HUD regulation, the voucher program provides financial assistance based on unit bedroom size.
  - Clients pay a minimum of 30 percent of their income towards rent.
  - On an annual basis, HUD establishes a Fair Market Rent (FMR). The allowable FMR is expressed as a specific percentile point within the rent distribution of standard-quality rental housing units.
- Individual HRA's are permitted to select a payment standard within 90% to 110% of HUD's FMR.
  - The selection of the payment standard should assure that a sufficient supply of rental housing is available to program participants.
  - The Richfield HRA conducts a rental survey on an annual basis to help in determining an appropriate payment standard.
  - In October 2015, the HRA approved a one bedroom payment standard at approximately 105% of the FMR effective for December 2015.
- In October 2015 clients living at Concierge Apartments (formerly known as Crossroads at Penn) were informed that Concierge would honor the leases that the current Section 8 tenants had, but would no longer accept Section 8 Housing Choice Vouchers beyond the existing leases or for new tenants.
- Section 8 tenants are permitted to remain in their current units under their existing leases or on a month-to-month basis until May 31, 2016, whichever is later.
- Concierge notified the tenants that beginning March 1, 2016, tenants not under a pre-existing lease would be subject to pay the new contract rent of \$899.
- This special, temporary payment standard would be effective for the months of March, April and May, 2016 and only for the Section 8 clients currently residing at Concierge Apartments who were subjected to the contract rent increase.

#### B. POLICY

- HUD permits the HRA to authorize a special, temporary payment standard in certain circumstances.

C. CRITICAL TIMING ISSUES

- The Section 8 clients benefitting from this special, temporary payment standard are affected by the increased rent burden for March, April, and May, 2016.

D. FINANCIAL

- A special, temporary increase in the payment standard will decrease the rent burden for Section 8 participants at Concierge Apartments.
- HUD provides sufficient funding to pay the temporary rent increase.

E. LEGAL

- The contract between the HRA and HUD provides for FMR adjustments in accordance with federal regulations.
- The special, temporary payment standard does not constitute a substantial deviation/modification from the HRA's 5-Year plan, and is therefore permissible under HUD regulations.
- HUD permits the HRA to authorize the special, temporary payment standard in circumstances such as this.

IV. ALTERNATIVE RECOMMENDATION(S)

- Do not authorize the special, temporary payment standard.

V. ATTACHMENTS

- None

VI. PRINCIPAL PARTIES EXPECTED AT MEETING

- N/A