



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
APRIL 18, 2022
7:00 PM**

Call to Order

Open Forum

Approval of the minutes of the regular Housing and Redevelopment Authority Meeting of March 21, 2022.

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. Consideration of approval of transfer of funds to 2018-1 and Cedar Avenue Tax Increment Finance Districts for prior year expenses as of December 31, 2021.
Staff Report No. 14
 - B. Authorization of a contract with VEIT and Company, Inc. for the demolition of buildings located at 6501 and 6513 Penn Avenue South.
Staff Report No. 15

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

RESOLUTIONS

4. Consider a resolution approving a Preliminary Redevelopment Agreement with Minnesota Independence College and Community for the development of a mixed use building with housing, offices and classroom space.
Staff Report No. 16
5. Consider a resolution approving a Preliminary Redevelopment Agreement with Beacon Interfaith Housing Collaborative for the development of approximately 40 units of affordable, supportive housing for people at 6613-25 Portland Avenue.
Staff Report No. 17
6. Consider a resolution authorizing the Executive Director to negotiate a Purchase Agreement regarding property located at 1516 - 66th Street East.
Staff Report No. 18

HRA DISCUSSION ITEMS

7. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

8. Executive Director's Report

CLAIMS

9. Claims

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 612-861-9739.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting
Held via WebEx

March 21, 2022

CALL TO ORDER

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

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

HRA Members Absent: None

Staff Present: Melissa Poehlman, Community Development Director; Julie Urban, Assistant Community Development Director; Kate Aitchison, Housing Specialist; LaTonia DuBois, Administrative Assistant; Jane Skov, IT Manager; and Kari Sinning, City Clerk.

Others Present: Chad Dipman, Twin Cities Habitat for Humanity

CONSIDER A ONE-TIME ADJUSTMENT TO THE TERM EXPIRATION DATE OF COMMISSIONER VRIEZE DANIELS TO ACCOUNT FOR BYLAW MODIFICATIONS (STAFF REPORT NO. 10)

Community Development Director Poehlman read aloud Staff Report No. 10.

M/Supple, S/Regan Gonzalez to approve a revision to the current term limit of Commissioner Vrieze Daniels, setting her term to expire upon her reappointment or the appointment of a new Housing and Redevelopment Authority Commissioner, whichever comes first, but not to exceed November 20, 2022.

City Clerk Sinning took roll call vote:

Supple: AYE
Regan Gonzalez: AYE
Ohnesorge: AYE

Motion carried 3-0.

OPEN FORUM

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

Lisa Caldwell, 6301 Quinwood Lane N of Maple Grove, called on behalf of Sylvia Jesse and explained the health concerns that Sylvia has had during previous construction along 66th street and how future construction would affect her as well.

Sylvia Jesse, 6612 Logan Ave S, stated her concerns about the property being built next to her house that would affect her health.

Tyler Olson, 1806 W 66th St, commented support for the Habitat for Humanity house being built containing accommodations made for the neighborhood.

APPROVAL OF THE MINUTES

M/Regan Gonzalez, S/Vrieze Daniels to approve the minutes of the regular Housing and Redevelopment Authority meeting of February 23, 2022 and the Concurrent City Council, Housing and Redevelopment Authority, and Planning Commission Work Session of March 8, 2022.

City Clerk Sinning took roll call vote:

- Supple: AYE
- Regan Gonzalez: AYE
- Vrieze Daniels: AYE
- Ohnesorge: AYE

Motion carried 4-0

| | |
|----------------|---|
| ITEM #1 | 2021 HOUSING AND REDEVELOPMENT AUTHORITY AND ECONOMIC DEVELOPMENT AUTHORITY YEAR IN REVIEW |
|----------------|---|

Community Development Director Poehlman, Assistant Community Development Director Urban, and Housing Specialist Aitchison gave a brief presentation that described the good work that the HRA/EDA and staff have completed during the last year:

- 504 households in the City served
- Redevelopment for rental housing and owner-occupied housing; projects in progress such as Benefactor Brewing and the property at 1600 E 78th St; and challenges of supply chain issues for redevelopment properties
- Business assistance grants to help displaced businesses relocate and to help businesses improve their businesses
- Affordable housing priorities that were addressed including Wood Lawn Terrace
- Rental housing programs including remodeling loans, Section 8, and the Kids@Home.
- Programs for homeowners such as the First Time Homebuyer, Richfield Rediscovered, Transformation Home Loans, and Deferred Loans.

- Thanked the staff that retired or moved on during the last year and also thanked the current staff in the department.

Chair Supple thanked staff for the presentation and the work that they have done. She also stated that she learned new things about the first time home buyers programs and how they help people.

Commissioner Vrieze Daniels loved the compilation of all the good works and appreciated all the hard work that staff has done to provide a wide variety programs to the community.

Commissioner Regan Gonzalez expressed gratitude that Richfield has programs that help the community find affordable housing and change the lives of families for the better. Words could not express how thankful Commissioner Regan Gonzalez was for staff’s work on these programs.

| | |
|----------------|-------------------------------|
| ITEM #2 | APPROVAL OF THE AGENDA |
|----------------|-------------------------------|

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

City Clerk Sinning took roll call vote:

- Supple: AYE
- Regan Gonzalez: AYE
- Vrieze Daniels: AYE
- Ohnesorge: AYE

Motion carried 4-0

| | |
|----------------|-------------------------|
| ITEM #3 | CONSENT CALENDAR |
|----------------|-------------------------|

Community Development Director Poehlman presented the Consent Calendar:

- A. Consider a resolution of support for the development of affordable, supportive housing for people with the lowest incomes on property located at 6613-25 Portland Avenue. (Staff Report No. 11)

HRA RESOLUTION NO. 1425

RESOLUTION SUPPORTING THE DEVELOPMENT OF AFFORDABLE, SUPPORTIVE MULTIFAMILY HOUSING IN THE VICINITY OF 6613-25 PORTLAND AVENUE

- B. Consider the approval of an amendment to Housing and Redevelopment Authority Resolution No. 1371 to identify the source of funds for the interfund loan for Tax Increment Financing District 2020-1 (Henley II) as the Housing and Redevelopment Authority's General Fund. (Staff Report No. 12)

HRA RESOLUTION NO. 1371 – AMENDED

RESOLUTION AUTHORIZING INTERNAL LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH THE 2020-1 TAX INCREMENT FINANCE DISTRICT: HENLEY II

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

Chair Supple expressed excitement for item A as it was just brought to a work session and is glad to see the project moving forward.

City Clerk Sinning took roll call vote:

Supple: AYE
 Regan Gonzalez: AYE
 Vrieze Daniels: AYE
 Ohnesorge: AYE

Motion Carried 4-0

| | |
|----------------|--|
| ITEM #4 | CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR |
|----------------|--|

None.

| | |
|----------------|---|
| ITEM #5 | PUBLIC HEARING AND CONSIDERATION OF A RESOLUTION AUTHORIZING THE SALE OF 6600 LOGANAVENUE SOUTH TO TWIN CITIES HABITAT FOR HUMANITY AND THE APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT FOR THE CONSTRUCTION OF A SINGLE FAMILY HOME. (STAFF REPORT NO. 13) |
|----------------|---|

Housing Specialist Aitchison presented Staff Report No. 13.

Chair Supple asked if Habitat for Humanity would be able to install charcoal filters into Sylvia Jesse’s home to help with filtration. Chad Dipman from Twin Cities Habitat for Humanity stated that he would have to do more research and that they might have to have independent standalone filtering devices that would help if the HEPA filters do not fit into the neighbor’s furnace air filter.

Chair Supple opened the public hearing.

Linda Wilkins, 6645 Logan Ave, introduced Vicki Forsland, 6624 Morgan Ave, who asked about who would be moving into the property and how much the house would be sold for and also asked about the property on 66th and Newton.

Sylvia Jesse, 6612 Logan Ave, shared information about the filters she would need for her house and asked if a temporary additional screen or something close to that could be installed on her screened in porch to help with the air filtration. She also asked about the dryer vent of the house being placed in a different location on the house and if the lot could be used for a park instead of a house.

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

City Clerk Sinning took roll call vote:

Supple: AYE

Regan Gonzalez: AYE

Vrieze Daniels: AYE

Ohnesorge: AYE

Motion Carried 4-0

Housing Specialist Aitchison stated that the house has not been matched with a family and explained the house would be sold with the affordability of the household for the matched family and additional funds are through the state and county to meet the end market value of the home. She stated that it is a conventional loan process and the property taxes are paid. She also stated that the City did not pay for the property as they were given by the County and the City would be gaining a sustainable and accessible home which Richfield does not have a lot of. She mentioned that Newton Ave lot would be sold through the Richfield Rediscovered program of which the neighbors would be notified. The construction would be begin around late May or early June which would allow for time for more conversation between the neighbors.

Chair Supple clarified that Habitat for Humanity will work together with the resident to make sure that filtering happens of which Housing Specialist Aitchison agreed. Chad Dipman stated his commitment to address the concerns that the resident has regarding her health the best that they can and will meet with the resident to talk about ideas.

Commissioner Ohnesorge shared a conversation that was had with Sylvia Jesse and the possibility of arborvitaes being added to her property for natural filtration. Chad Dipman stated that the current landscaping on the property may have to be moved for construction but will advocate to leave as much of the landscaping as possible. He also would be hesitant to add anything during construction since new shrubbery can be difficult to maintain.

Commissioner Regan Gonzalez asked about the dryer venting. Chad Dipman stated that they will ask the HVAC contractor to try to move the vent to the north side of the house. Commissioner Regan Gonzalez also brought up the question of using the lot for a park. Housing Specialist Aitchison stated that the lots were designated as remnant lots for housing to help replace some of the housing that was lost during 66th Street construction.

Chair Supple asked that if the dryer vent is unable to be moved that there would be conversations between the neighbors to help mitigate the problem. Chad Dipman stated that it would be difficult to mitigate every fume that might emanate from the house or vehicles but hopes that there would be continued conversation and ideas that would help.

M/Regan Gonzalez, S/Vrieze Daniels to adopt a resolution authorizing the sale of 6600 Logan Avenue South to Twin Cities Habitat for Humanity, and approve a Contract for Private Development with Twin Cities Habitat for Humanity for the construction of a single family home.

HRA RESOLUTION NO. 1426

**RESOLUTION AUTHORIZING SALE OF REAL PROPERTY
LOCATED AT 6600 LOGAN AVENUE SOUTH TO TWIN CITIES
HABITAT FOR HUMANITY, INC. IN ACCORDANCE WITH A
CONTRACT FOR DEVELOPMENT**

Commissioner Vrieze Daniels shared her excitement for a Habitat for Humanity house being built upon this lot as she lives across from it and appreciated staff and Habitat for Humanity addressing concerns of the neighbors.

Commissioner Regan Gonzalez thanked the neighbors for their input and requested that Habitat for Humanity continue to work with the neighbors throughout this project.

Chair Supple shared her appreciation for everyone working together to make this successful for everyone involved.

City Clerk Sinning took roll call vote:

Supple: AYE
 Regan Gonzalez: AYE
 Vrieze Daniels: AYE
 Ohnesorge: AYE

Motion Carried 4-0

| | |
|----------------|-----------------------------|
| ITEM #6 | HRA DISCUSSION ITEMS |
|----------------|-----------------------------|

None.

| | |
|----------------|----------------------------------|
| ITEM #7 | EXECUTIVE DIRECTOR REPORT |
|----------------|----------------------------------|

Community Development Director Poehlman did not have anything to report.

| | |
|----------------|---------------|
| ITEM #8 | CLAIMS |
|----------------|---------------|

M/Regan Gonzalez, S/Vrieze Daniels that the following claims be approved:

| | |
|-----------------------------------|---------------------|
| U.S. BANK | 3/21/2022 |
| Section 8 Checks: 133630 – 133710 | \$178,839.40 |
| HRA Checks: 34153 – 34172 | \$35,057.07 |
| TOTAL | \$213,896.47 |

City Clerk Sinning took roll call vote:

Supple: AYE
 Regan Gonzalez: AYE
 Vrieze Daniels: AYE
 Ohnesorge: AYE

Motion carried 4-0

| | |
|----------------|--------------------|
| Item #9 | ADJOURNMENT |
|----------------|--------------------|

The meeting was adjourned by unanimous consent at 8:36 p.m.

Date Approved: April 18, 2022

Mary B. Supple
HRA Chair

Kari Sinning
City Clerk

Melissa Poehlman
Executive Director



STAFF REPORT NO. 14
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
4/18/2022

REPORT PREPARED BY: Myrt Link, Community Development Accountant

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
4/14/2022

ITEM FOR COUNCIL CONSIDERATION:

Consideration of approval of transfer of funds to 2018-1 and Cedar Avenue Tax Increment Finance Districts for prior year expenses as of December 31, 2021.

EXECUTIVE SUMMARY:

The Cedar Avenue Tax Increment Finance (TIF) District was approved in 2006 and the 2018-1 TIF District was approved in 2018.

As part of a scheduled review process, Ehlers (financial consultant) and the Community Development Accountant found that some prior year expenses on the annual Office of the State Auditor reporting forms, needed to be reclassified.

As a means to accomplish this, transfers need to be made as follows:

- To 2018-1 TIF from Development Fund
\$56,543.14 (Land acquisition)
- To 2018-1 TIF from Cedar Corridor
\$10,110.23 (Non-TIF expenses)
- To Cedar Avenue TIF from Development Fund
\$359,000.00 (Land acquisition)

We are requesting the transfers be approved as of December 31, 2021 so reporting will be on-track for 2022.

RECOMMENDED ACTION:

By motion: Approve the following transfers as of December 31, 2021:

- \$56,543.14 (To District 2018-1 from Development Fund)
- \$10,110.23 (To District 2018-1 from Cedar Corridor)
- \$359,000.00 (To Cedar District from Development Fund)

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

- N/A

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

- All transfers must be approved by the Housing and Redevelopment Authority (HRA) Board.

C. CRITICAL TIMING ISSUES:

- N/A

D. FINANCIAL IMPACT:

- There are enough funds available in the Development Fund (98000) and Cedar Corridor Fund (93650) to make these transfers.

E. LEGAL CONSIDERATION:

- N/A

ALTERNATIVE RECOMMENDATION(S):

- None. This is a bookkeeping issue that should be corrected per the direction of our financial consultants.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

| Description | Type |
|--------------|-------------------|
| □ Resolution | Resolution Letter |

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

RESOLUTION No. _____

**RESOLUTION AUTHORIZING THE TRANSFER OF FUNDS FOR PRIOR YEAR EXPENSES
IN CONNECTION WITH THE 2018-1 AND CEDAR AVENUE TAX INCREMENT FINANCING
DISTRICTS**

WHEREAS, the City of Richfield, Minnesota (the “City”) and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) have created, and the Authority administers, the 2018-1 Tax Increment Financing District (the “2018-1 TIF District”) and Cedar Avenue Tax Increment Financing District (the “Cedar Ave TIF District”), pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”); and

WHEREAS, the Authority incurred \$56,543.14 in land acquisition costs in a prior year which were paid out of 2018-1 TIF District, and

WHEREAS, the Authority incurred \$10,110.23 in other non-TIF expenses in a prior year which were paid out of 2018-1 TIF District, and

WHEREAS, the Authority incurred \$359,000.00 in land acquisition costs in a prior year which were paid out of the Cedar Ave TIF District.

THEREFORE BE IT RESOLVED, the Authority authorizes staff to make the following transfers for the year ending December 31, 2021:

1. \$56,543.14 to the 2018-1 TIF District from the Development Fund (98000), and
2. \$10,110.23 to the 2018-1 TIF District from the Cedar Corridor Fund (93650), and
3. \$359,000.00 to the Cedar Ave TIF District from the Development Fund (98000)

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 18th day of April, 2022.

Mary B Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary



STAFF REPORT NO. 15
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
4/18/2022

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
4/14/2022

ITEM FOR COUNCIL CONSIDERATION:

Authorization of a contract with VEIT and Company, Inc. for the demolition of buildings located at 6501 and 6513 Penn Avenue South.

EXECUTIVE SUMMARY:

Two buildings are located on the property owned by the Housing and Redevelopment Authority (HRA), located at 6501 and 6513 Penn Avenue South. One of the two buildings has been determined to be unsafe by the City's Building Official. In December, the HRA authorized staff to proceed with demolition of the structures. A Request for Quotes was issued in early March, and two bids were received for the work:

| | |
|------------------------|--------------|
| VEIT and Company, Inc. | \$203,445.00 |
| 2 Swan LLC | \$208,745.87 |

Staff recommends that the HRA choose the lower bid for the work and engage VEIT & Company, Inc. (VEIT) to complete the demolition work on the property.

Grading and elevation issues, and the fact that the property is located within a sensitive groundwater area in the City, resulted in higher costs for the work. In addition to the actual demolition of the structures, significant earthwork and stormwater-related measures are being undertaken. Ideally, demolition would be undertaken by a developer in conjunction with the beginning of construction; however, the proposed housing project for the site did not receive funding, so there is no current timeline for developing the site. Given the safety issues at the site and the length of time before construction would begin, staff recommends that demolition take place now.

RECOMMENDED ACTION:

By motion: Accept the quote of \$203,445.00 from VEIT and Company, Inc. for the demolition of buildings at 6501 and 6513 Penn Avenue South, and authorize the Chairperson and Executive Director to execute a contract with VEIT and Company, Inc. for the work.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA purchased the property in 2018 and signed a pre-development agreement with Boisclair Corporation and NHH Properties in 2020 to redevelop the site with multi-family housing; however, the project did not receive tax credit financing so there is currently no timeline for developing the

property.

- Maintaining the property has been challenging given the configuration of the buildings and the fact that many entrances and site areas are not visible from the street. The buildings have been broken into multiple times, items have been illegally dumped on the site, and graffiti and other vandalism has occurred.
- On December 20, 2021, the HRA approved a resolution confirming that the buildings qualified as structurally substandard and authorized their demolition.

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

- The property is located within the Penn Avenue Corridor, which has been identified for redevelopment for many years. Demolition of these blighted buildings is a step towards improving the corridor and will make the property more attractive and financially viable for a development project.

C. CRITICAL TIMING ISSUES:

- Authorization of a contract with VEIT will facilitate the demolition of the properties this summer. The contract will require VEIT to complete the work ahead of Penn Fest Open Streets in September.
- Funds are available from the decertification of the Interchange Tax Increment Finance (TIF) District. Those funds should be spent before the end of 2022.

D. FINANCIAL IMPACT:

- The HRA has sufficient funding to cover the costs. Funds from the decertification of the Interchange TIF District are available to cover the costs. The expenditure of these funds is limited to activities relating to the removal of blight, which the removal of these buildings qualifies as.

E. LEGAL CONSIDERATION:

- The HRA's Attorney will prepare the contract.
- The engineering estimate was below the threshold for the public bidding process, so the contractor was selected through a Request for Quotes process.

ALTERNATIVE RECOMMENDATION(S):

Decide not to approve a contract with VEIT at this time.

PRINCIPAL PARTIES EXPECTED AT MEETING:

NA

ATTACHMENTS:

| Description | Type |
|-------------------|-----------------|
| ☐ VEIT Bid | Backup Material |
| ☐ Swan Bid | Backup Material |
| ☐ Map of Property | Backup Material |



Veit And Company inc.
Sam Straate

Project: 6501 Penn Ave Demolition Project

Location: Brooklyn Park, MN

Date: April 12, 2022

| | | |
|-----------|---------------------------|----------------------|
| Proposal: | Earthwork | \$ 117,160.00 |
| | Utilities | \$ 43,805.00 |
| | Demo | \$ 42,480.00 |
| | Combined Bid Total | \$ 203,445.00 |

Notes

INCLUDES

Earthwork

- Mobilization (2 trips in/out included) and Supervision
- Survey to Complete Work
- Silt Fence (650 LF), Bio Rolls (225 LF), Rock Entrance (1 EA), Inlet Protection (4 EA)
- Maintenance of Erosion Control, does not include damage from other trades
- Site Removals: Asphalt Pavement, Curb, Tree (1ea), Light Poles & Bases
- Onsite Cut/Fill's - Balance Common Onsite
- Install Liner at Pond
- Respread Onsite Topsoil
- Import Topsoil Necessary for 3" Respread
- Seeding & Blanket Per Plans

Utilities

- One (1) Mobilization
- Survey to Complete Work
- Utility Connection Permits
- Traffic Control for Utility Work Only
- Asphalt/Curb Removal/Replacement for Utility Work (larger patch to facilitate open cut)
- Install 129 LF 15" RCP
- Install 15" Apron (1 ea)
- Install MH over Existing Storm Line
- Install Rip Rap at Basin

Demolition

- City Demolition Permit
- Mobilization (Assuming One)



Supervision/Coordination
Dust Control During the Demolition Process
Building Removal Including Foundations
Legal Disposal and Recycling of Materials at approved facilities

EXCLUDES

Anything not shown on plans
Contaminated/Hazardous Soil Removal – None per geotech

Demolition

Hazardous Materials - Lead, Asbestos, Chemicals, Etc.
Regulated Materials Removal (Bulbs, Ballasts, Mercury Switches, Door Closures, Freon, Etc.)
Water & Sewer Disconnects, Capping, Rerouting, Pipe Removal, Etc. – Completed by City
Septic Tank/water well
Shoring/Bracing/Underpinning
Contaminated Soils
Any / All Salvage for Owner or Other's
Engineered Demolition Plan
Road Restrictions

BOND: Add 1% to above-quoted total for bond, pricing valid for 30 Days.

If you have any questions, please reach us at the contact info listed below.

Respectfully,

Sam Straate (Earthwork/Utilities)
612-490-0500 (Cell)
sstraate@veitusa.com



**CITY OF RICHFIELD, MN
RICHFIELD, MINNESOTA**

Sales: Derek Swanson
6501 Penn Avenue South-Dirt Work/Excavation
6501 Penn Avenue South Richfield, Minnesota 55423

Est ID: EST3103241 Modification Pricing - Balancing Site
Date: Apr-08-2022

Email: JUrban@richfieldmn.gov
Phone: 612-861-9777

| | |
|---------------------------------------|-------------------|
| Site Temp Fencing Installation | \$6,540.60 |
|---------------------------------------|-------------------|

| | |
|------------------------|--------------------|
| Erosion Control | \$16,661.47 |
|------------------------|--------------------|

Silt Fence, Storm Drain Inlet Protections, Rock Construction Entrance, Bio-logs, Erosion Blanket, & Final Seeding upon final grading completion as shown

| | |
|--|--------------------|
| 1 Story Building & Garage Structure Removal | \$50,176.96 |
|--|--------------------|

Pricing includes 1 well sealing and removal of 1 flammable waste trap. Pricing excludes any hazardous materials removal(s) as stated in the bid documents.

| | |
|---------------------------------|-------------------|
| Existing Asphalt Removal | \$9,163.24 |
|---------------------------------|-------------------|

| | |
|-----------------------------------|-------------------|
| Concrete Pavement Removals | \$3,530.44 |
|-----------------------------------|-------------------|

| | |
|---------------------|-----------------|
| Tree Removal | \$762.02 |
|---------------------|-----------------|

| | |
|---|-------------------|
| Existing Curb & Gutter Removal | \$1,692.84 |
|---|-------------------|

| | |
|------------------------------------|-----------------|
| Existing Light Post Removal | \$972.58 |
|------------------------------------|-----------------|

| | |
|--|---------------------|
| Existing Fence Removal | \$962.17 |
| Existing Retaining Wall Removal | \$3,511.63 |
| Mass Site Cut/Fill to Balance Site | \$11,482.34 |
| Storm Sewer Installation | \$88,515.00 |
| Pond Liner Installation | \$5,320.69 |
| Import/spread needed Black Dirt & Final Grade | \$6,623.06 |
| <hr/> | |
| Subtotal | \$205,915.04 |
| Taxes | \$2,830.83 |
| <hr/> | |
| Estimate Total | \$208,745.87 |

- If contaminated soils are encountered, the unite rate price additional to the base bid export number will be \$26.00 Per Ton.
- If clean, suitable fill is needed to be imported due to contaminated soils on site, the additional unit price will be \$16.75 Per Ton.
- Pricing excludes any hazardous material removal/disposal as stated in the bidding documents - assumed all will be removed prior to demolition.
- Proposed Start Date is **August 1st, 2022**. If schedule allows, a mid July start could also be possible.

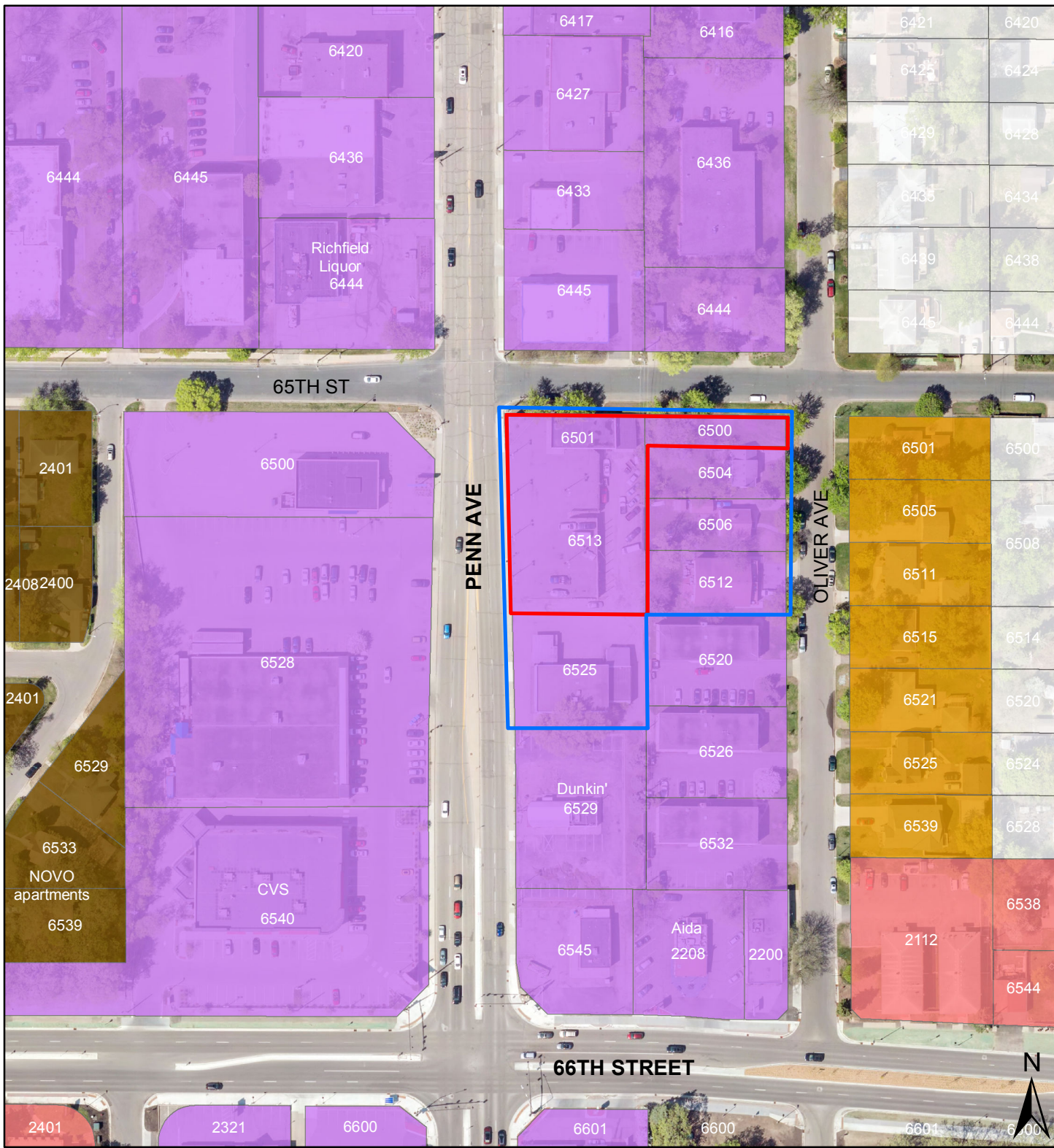
Contractor: _____
Derek Swanson

Client: _____









Signature Date: _____
04/08/2022

Signature Date: _____

6501 Penn Ave - Site Context & Comp Plan



Future Land Use

- | | | |
|--|--|---|
|  Mixed Use |  High Density Residential |  HRA-owned property |
|  Community Commercial |  Medium Density Residential |  Potential extent of development |
|  Neighborhood Commercial |  Low Density Residential | |



STAFF REPORT NO. 16
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
4/18/2022

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
4/12/2022

ITEM FOR COUNCIL CONSIDERATION:

Consider a resolution approving a Preliminary Redevelopment Agreement with Minnesota Independence College and Community for the development of a mixed use building with housing, offices and classroom space.

EXECUTIVE SUMMARY:

Minnesota Independence College and Community (MICC) is proposing to construct a new building with 20,000 square feet of office and classroom space and up to 70 affordable housing units on property they own on 76th Street West, between Morgan and Newton Avenues. In order to facilitate the project development, MICC is seeking financial assistance from the Housing and Redevelopment Authority (HRA) through the creation of a Tax Increment Financing (TIF) District and/or funds from the Affordable Housing Trust fund. MICC is seeking approval of a Preliminary Redevelopment Agreement (Agreement) with the HRA to lay out the steps that need to be taken to move forward with HRA assistance.

The components of the Agreement are as follows:

- MICC and the HRA will explore the use of TIF and/or funding from the Affordable Housing Trust Fund.
- The City was awarded Livable Communities Demonstration Account (LCDA) funds for the project, including funds to acquire property adjacent to the project at 7532 Morgan Avenue. In exchange for payment of the LCDA acquisition funds, MICC will provide a mortgage for the acquired property to the HRA. In the event that the project doesn't move forward, MICC will either repay the funds or the HRA will obtain ownership of the property.
- The project will also be seeking Low Income Housing Tax Credits (LIHTC) to provide equity for the project, along with other state and county resources. MICC would be seeking the HRA's support for these applications.
- The HRA and MICC will work towards a Contract for Private Redevelopment with a deadline of December 31, 2022.
- MICC will submit plans for land use approvals and share plans with the neighborhood.
- The project will comply with the City's Inclusionary Housing Policy.

RECOMMENDED ACTION:

By motion: Approve the attached resolution approving a Preliminary Redevelopment Agreement with Minnesota Independence College and Community for the development of a mixed use building on West 76th Street, between Morgan and Newton Avenues.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Minnesota Independence College and Community is a 501(c)3 nonprofit vocational and life skills training program for young adults with learning differences and autism spectrum disorder. Since its founding in 1996, MICC has remained dedicated to helping participants make successful transitions towards independent living and financial self-sufficiency.
- MICC has operated from the Colony Apartments in Richfield since its inception in 1996.
- On Monday, June 21, 2021, at a joint work session of the City Council, HRA, and Planning Commission, MICC and partners from Bumpy Lane, LLC (Developers) presented conceptual plans for the development of a mixed use building including services and affordable/accessible apartments.
- The HRA adopted a Resolution of support for the project concept at their August 16, 2021 meeting.
- In January 2022, the project was awarded Livable Communities Demonstration Account (LCDA) funding, including funds to acquire an additional property. LCDA funds are awarded to municipalities and can be used toward eligible project activities.

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

- The 2040 Comprehensive Plan calls for a full range of housing choices that meet residents' needs at every stage of their lives, and ensure a healthy balance of housing types that meet the needs of a diverse population with diverse needs.

C. CRITICAL TIMING ISSUES:

- MICC is likely to incur expenses under the LCDA grant before the project has been approved by the HRA and City Council. Approval of the Agreement will allow the project to move forward with these activities and expenses until final approvals are obtained.
- The project will face funding deadlines this summer, and approval of an Agreement with the HRA provides evidence of the project's viability.

D. FINANCIAL IMPACT:

- Analyzing the project's finances and determining the financial needs is an item to be accomplished under the Agreement. Final details will be provided for review in a Contract for Private Redevelopment.
- LCDA funds are available to the project for acquisition activities that may occur before a Contract for Private Redevelopment is approved.

E. LEGAL CONSIDERATION:

- The Agreement was prepared by the HRA Attorney.
- The Agreement provides a legal mechanism through which the HRA to would obtain ownership of property acquired with LCDA funds in the event the project doesn't move forward and MICC is unable to repay those funds to the City.

ALTERNATIVE RECOMMENDATION(S):

Do not approve a Preliminary Development Agreement with MICC.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representative(s) of MICC

ATTACHMENTS:

| Description | Type |
|--------------|--------------------|
| ▢ Resolution | Resolution Letter |
| ▢ Agreement | Contract/Agreement |
| ▢ Map | Exhibit |

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

RESOLUTION NO. _____

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF PRELIMINARY
REDEVELOPMENT AGREEMENT WITH MINNESOTA INDEPENDENCE COLLEGE AND
COMMUNITY**

WHEREAS, Minnesota Independence College and Community, a Minnesota nonprofit corporation (the “Redeveloper”), owns the property located at 2000, 2006, and 2018 West 76th Street, Richfield, Minnesota (the “Redeveloper Parcels”) and has proposed to purchase from a third party the property located at 7532 Morgan Avenue South, Richfield, Minnesota (the “Additional Parcel,” and together with the Redeveloper Parcels, the “Redevelopment Property”); and

WHEREAS, the Redeveloper proposes to purchase the Additional Parcel, demolish the building(s) on the Additional Parcel, and construct on the Redevelopment Property a building with approximately 70 affordable housing units and office and classroom space (the “Project”); and

WHEREAS, the Redeveloper and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) have been engaged in informal discussion regarding the Project and the proposed creation of a housing tax increment financing district including the Redevelopment Property or the use of pooled tax increment from the Affordable Housing Trust Fund; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has been presented with a Preliminary Redevelopment Agreement (the “Preliminary Redevelopment Agreement”) between the Authority and the Redeveloper, which sets forth the Redeveloper’s intentions and the conditions under which the Redeveloper will undertake the Project; and

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

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

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

2. The Chair and Executive Director are hereby authorized to execute the Preliminary Redevelopment Agreement on behalf of the Authority and to carry out on the Authority’s obligations thereunder.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this ____ day of _____, 2022.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary

RC125-388 (JAE)
782576v1

PRELIMINARY REDEVELOPMENT AGREEMENT

THIS PRELIMINARY REDEVELOPMENT AGREEMENT, made as of the ____ day of _____, 2022 (the “Agreement”), is between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the “HRA”), and Minnesota Independence College and Community, a Minnesota nonprofit corporation (the “Redeveloper”).

RECITALS

WHEREAS, the Redeveloper owns the property located at 2000, 2006, and 2018 West 76th Street, Richfield, Minnesota (the “Redeveloper Parcels”) and has proposed to purchase from a third party the property located at 7532 Morgan Avenue South, Richfield, Minnesota (the “Additional Parcel”), all of which properties (collectively, the “Redevelopment Property”) are legally described in EXHIBIT A attached hereto;

WHEREAS, the Redeveloper and the HRA have been engaged in informal discussions regarding the redevelopment of the Redevelopment Property;

WHEREAS, the Redeveloper proposes to purchase the Additional Parcel, demolish the building(s) on the Additional Parcel, and construct on the Redevelopment Property a building with approximately 70 affordable housing units and up to 20,000 square feet of office and classroom space (the “Project”);

WHEREAS, in order to assist the Redeveloper with the Project, the HRA is considering the establishment of a housing tax increment financing district (the “TIF District”) that includes the Redevelopment Property, using pooled tax increment from the Affordable Housing Trust Fund, or both;

WHEREAS, the Project has been awarded a Livable Communities Demonstration Account grant from Metropolitan Council (the “LCDA Grant”) in the principal amount of \$1,210,000;

WHEREAS, based on initial reviews of the proposal, it appears that the Project is potentially feasible, but further review is needed;

WHEREAS, the parties wish to cooperate in further analyzing the potential and feasibility of the Project and are willing to proceed with such analysis as described in this Agreement;

WHEREAS, the parties acknowledge that the Redeveloper will expend substantial time and effort, and incur substantial expense in pursuing the Project;

WHEREAS, the Redeveloper is willing to undertake the activities described in this Agreement only with the reasonable assurance from the HRA that it will support and cooperate with the Redeveloper in its efforts; and

WHEREAS, the HRA and the Redeveloper have executed this Agreement to document their understanding with respect to the proposed Project.

AGREEMENT

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

1. Statement of Intent.

It is the intention of the parties that during the term of this agreement the following activities will take place:

- (a) Plan Review and Refinement. The Redeveloper will complete and provide a general redevelopment plan, including parking layout and design, to the HRA for review and comment. This submission shall be made on or before June 30, 2022 as an application for sketch plan review. This review involves a staff review of the general redevelopment plan by HRA staff. Following the sketch plan review, the Redeveloper will undertake any additional studies or refinements to the general redevelopment plan for the Project that are necessary to determine that the plan (i) complies with the land use requirements of the City of Richfield, Minnesota (the "City"); and (ii) provides sufficient detail to permit the reviews described in Section 1(d) below.
- (b) Financial Feasibility. The Redeveloper will provide to the HRA a financial feasibility analysis of the Project, including a detailed sources and uses of all funding and all expenditures expected for the construction of the Project and a Project pro forma, on or before May 15, 2022. The financial feasibility analysis should specify what financing will be obtained for the Project and from what sources and the amount of equity to be contributed to the Project.
- (c) Neighborhood Feedback. The Redeveloper agrees to conduct one or more meetings with neighborhood residents to obtain feedback on the Project. Feedback from neighborhood residents shall be provided to the HRA on or before May 15, 2022.
- (d) HRA Analysis of Project. Following the receipt from the Redeveloper of the information set forth in Section 1(a) through (c) hereof, the HRA's fiscal consultant will conduct a financial analysis of the Redeveloper and the Project. The purpose of the HRA's analysis is to determine the Redeveloper's ability to finance the proposed Project. The analysis will consider such factors as the Redeveloper's capability to arrange for financing, the anticipated level of assistance available to the Project from the HRA or other sources, and the Redeveloper's ability to provide equity to the Project.
- (e) Acquisition of Additional Parcel by Redeveloper. The Redeveloper currently owns the Redeveloper Parcel and intends to acquire the Additional Parcel. The HRA understands that in order for the Project to proceed, the Redeveloper may purchase the Additional Parcel.
- (f) Contract Negotiation. On or before December 31, 2022, the parties will attempt in good faith to negotiate the terms of a contract for private redevelopment (the "Contract") which will provide the nature and timing of the Project and any private improvements to be constructed and the form, the amount and conditions of any economic assistance to be provided by the HRA for the Project. The Contract will contain such additional terms as either party believes are necessary for the transaction.
- (g) Cooperation with Grant Applications. The Project has been awarded the LCDA Grant. The Redeveloper plans to prepare additional applications for various grants for the Project, including but not limited to TOD and/or DEED grants. The Redeveloper will provide the HRA with applications for TOD and DEED grants at least two weeks prior to the deadline for each grant. The HRA agrees to cooperate with the Redeveloper to

obtain the various grants, including supplying information for the grant applications and requesting approval from the HRA Board if necessary.

- (h) Redeveloper's Compliance with City's Inclusionary Housing Policy. With respect to the housing portion of the Project, the Redeveloper will be required to comply with the City of Richfield's Inclusionary Housing Policy.
- (i) Tax Credit Application. The Redeveloper will apply for 9% tax credits for the Project on or before July 15, 2022 and in future years as necessary.
- (j) Relocation. With respect to the acquisition of the Additional Parcel, the Redeveloper is responsible for complying with Minnesota Statutes, Sections 117.50 to 117.56, as amended (the "Minnesota Uniform Relocation Act"), and providing evidence of such compliance to the HRA.
- (k) Security; Repayment of LCDA Loan. If the HRA provides LCDA grant funds to the Redeveloper in order to purchase the Additional Parcel, the HRA shall do so in the form of a forgivable loan (the "LCDA Loan"). If the Project moves forward, the Loan of LCDA grant funds will be forgiven. If the Redeveloper does not obtain financing for the Project by November 30, 2024, the Redeveloper shall either repay the LCDA Loan within six months or shall transfer the Additional Parcel to the HRA (with all taxes paid to the date of sale). The HRA shall have the right to record a mortgage against the Additional Parcel in order to secure repayment of the LCDA Loan.

2. Undertaking by Redeveloper.

During the term of this Agreement, the Redeveloper will undertake all of the activities necessary, in the Redeveloper's discretion, to accomplish the activities described in Section 1 of this Agreement required to be performed by the Redeveloper.

3. Undertaking and Agreement by HRA.

The HRA agrees to cooperate with the Redeveloper in the Redeveloper's undertakings and agrees to utilize its best efforts, subject to the Redeveloper's performance, to accomplish the activities described in Section 1 of this Agreement, which includes an analysis of the financial feasibility of the Project and the nature, area, and financial implications of any tax increment financing district which might be established.

4. Term.

This Agreement is effective from the date hereof through December 31, 2022, unless extended with approval of the HRA Board, provided, in the event either party, after consultation with the other party, determines in good faith that the other party is not diligently pursuing the Project or its obligations hereunder; or the Redeveloper determines, in good faith, that the Project is not feasible, such determining party may terminate this Agreement upon thirty (30) days' written notice to the other. The HRA may also terminate this Agreement for failure of the Redeveloper to provide additional funds pursuant to Section 5 below. The parties each waive any claim or cause of action that they may have against the other party based upon the termination of this Agreement by such other party. The parties may, by mutual written agreement, extend this Agreement for such further periods as determined to be appropriate from time to time.

5. Administrative Costs of HRA.

The Redeveloper agrees and understands that it is responsible for and will pay to the HRA \$2,000 in HRA staff costs, along with all out-of-pocket costs incurred by the HRA (including without limitation reasonable attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the activities and the Project contemplated hereunder (collectively, the "Administrative Costs"). The Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the HRA.

Upon execution of this Agreement, the Redeveloper will deliver a deposit to the HRA in the amount of \$5,000 (the "Deposit") to pay Administrative Costs. If at any time the Deposit drops below \$1,000, the Redeveloper shall replenish the deposit to the full \$5,000 within thirty (30) days after receipt of written notice thereof from the HRA. The HRA shall provide invoices to the Redeveloper for all payments deducted from the Deposit. If at any time the Deposit is insufficient to pay invoices related to the Project, the HRA will ask for additional Deposits from the Redeveloper. If the additional Deposit is not made within thirty (30) days following the date of such request, the HRA may elect to either suspend its performance under this Agreement or terminate this Agreement. Such suspension or termination will be effective on the date it is given in writing, or on such later date specified in the notification. Any unexpended or unencumbered portion of the Deposit shall be returned to the Redeveloper upon the expiration or termination of this Agreement.

6. Termination of Agreement.

This Agreement may be terminated upon five (5) days' written notice by a party to the other party if:

- (a) in the respective good faith judgment of any party, an impasse has been reached in the negotiation or implementation of any material term or the completion or execution of any material condition of this Agreement or the Contract; or
- (b) a party fails to perform any of its obligations under this Agreement.

7. Miscellaneous.

- (a) This Agreement constitutes the entire agreement between the parties relative to the proposed Project. Unless specifically described herein, no obligation shall be inferred or construed.
- (b) The redevelopment of the Redevelopment Property will be in accordance with the Contract or other agreements which the parties shall, in good faith, attempt to negotiate during the term of this Agreement.
- (c) The Redeveloper understands that further and separate action, for which no obligation is created hereunder, will be required before the HRA or the Redeveloper is obligated to take various actions with respect to the Project. Those actions may include, without limitation:

- 1) Creation of and approval of a modification of a tax increment project plan and/or the TIF District by the City Council of the City and the HRA Board;

- 2) Zoning and subdivision approvals to the extent any are required;
 - 3) Construction of public improvements to serve the Project; and
 - 4) Negotiation of and approval of the Contract by the HRA Board.
- (d) The Redeveloper further understands that many of the actions which the HRA or the City may be called upon to take require the reasonable discretion and in some instances the legislative judgment of the HRA or the City, such actions may be made only following established procedures; and the HRA may not, by agreement, agree in advance to any specific decision in such matters.
- (e) Notice or demand or other communication between or among the parties shall be sufficiently given if sent by certified or registered mail, postage prepaid, return receipt requested or delivered personally:

Minnesota Independence College and Community
7501 Logan Avenue South, Suite 2A
Richfield, MN 55423
Attn: _____

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

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

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

MINNESOTA INDEPENDENCE COLLEGE
AND COMMUNITY, a Minnesota
limited liability company

By: _____
Mary B. Supple
Its: Chair

By: _____

Its: _____

By: _____
Melissa Poehlman
Its: Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF THE REDEVELOPMENT PROPERTY

[Insert legal description of Redeveloper Parcels]

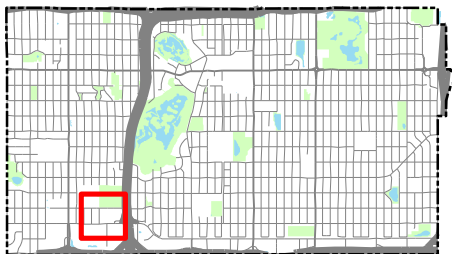
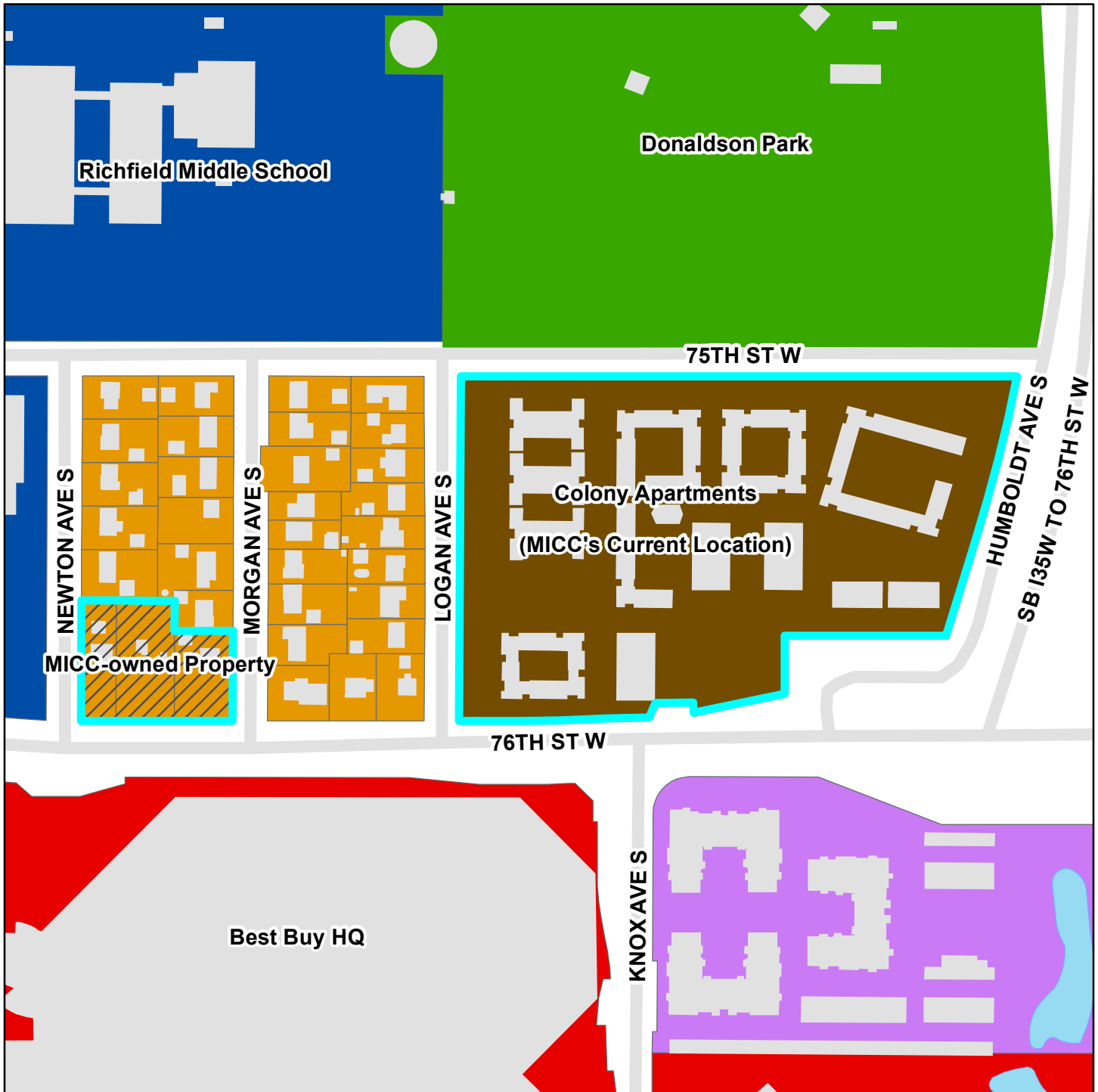
[Insert legal description of Additional Parcel]

RC125-388 (JAE)
781181v1













Minnesota Independence College and Community

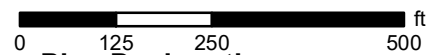
2040 Comprehensive Plan Designations



-  MICC Current Location
-  MICC Owned Properties

2040 Comprehensive Plan Designations

- | | |
|--|--|
|  Mixed Use |  Medium Density Residential |
|  Regional Commercial |  Low Density Residential |
|  Community Commercial |  Park |
|  Neighborhood Commercial |  Quasi-Public |
|  High Density Residential |  Right-of-Way (ROW) |





STAFF REPORT NO. 17
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
4/18/2022

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
4/12/2022

ITEM FOR COUNCIL CONSIDERATION:

Consider a resolution approving a Preliminary Redevelopment Agreement with Beacon Interfaith Housing Collaborative for the development of approximately 40 units of affordable, supportive housing for people at 6613-25 Portland Avenue.

EXECUTIVE SUMMARY:

Beacon Interfaith Housing Collaborative (Beacon) is seeking approval of a Preliminary Redevelopment Agreement (Agreement) with the Housing and Redevelopment Authority (HRA) to develop approximately 40 units of affordable, supportive rental housing on the HRA-owned property located at 6613-25 Portland Avenue.

The population to be served would include neuro-diverse youth and young adults, and supportive housing services would be provided on-site. The units would primarily be affordable at 30 percent of the Area Median Income.

Under the terms of the Agreement, the HRA and Beacon would agree to the following:

- Beacon will develop plans and proceed with land use approvals.
- Both parties will explore the financial feasibility of the project and possible assistance from the HRA in the form of a reduced land price and/or funding from the Affordable Housing Trust Fund.
- Negotiations on a Contract for Private Development will be undertaken, with a deadline of January 31, 2023.
- The HRA will provide Beacon with a Right of Entry to the property.
- The HRA will need to hold a public hearing before the land can be sold to Beacon.
- The HRA will cooperate with funding applications.

The HRA will not negotiate with or entertain other offers on the property while the Agreement is in effect.

RECOMMENDED ACTION:

By motion: Approve the attached resolution approving a Preliminary Redevelopment Agreement with Beacon Interfaith Housing Collaborative for the development of up to 40 units of affordable, supportive housing for people at 6613-25 Portland Avenue.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Beacon Interfaith Housing Collaborative is a non-profit housing developer that has developed deeply affordable, supportive housing throughout the Twin Cities.
- The property contains remnant parcels from the Portland Avenue roundabout project. The HRA has been seeking a viable development proposal for the site since 2009.
- On Tuesday, March 8, at a joint work session of the City Council, HRA, and Planning Commission, Beacon presented conceptual plans for the development of up to 40 units of supportive rental housing at 6613-25 Portland Avenue. Beacon specializes in developing supportive housing at deeply affordable levels throughout the Twin Cities.
- On March 21, 2022, the HRA approved a resolution of support for the Beacon concept.

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

- The 2040 Comprehensive Plan calls for a full range of housing choices that meet residents' needs at every stage of their lives, and ensure a healthy balance of housing types that meet the needs of a diverse population with diverse needs.
- The property is currently guided for medium density residential in the Comprehensive Plan. An amendment to the Comprehensive Plan to high density residential will be required in order for the project to move forward as planned.
- The City of Richfield and its HRA has a long history of partnering with organizations that best serve its residents. Supporting housing stability for people with the lowest incomes is a way to further the community's commitment to equitable opportunities for all.

C. CRITICAL TIMING ISSUES:

- In order to seek funding for the proposed development, Beacon is seeking an Agreement through which the HRA commits to reserving the land and working exclusively with Beacon to further develop the concept and explore potential financial assistance.

D. FINANCIAL IMPACT:

- The Agreement confirms that the HRA and Beacon will explore potential financial assistance for the project, including a reduced land price and/or funding through the Affordable Housing Trust Fund.
- Beacon will cover the HRA's financial consultant and legal fees related to the project up to a maximum of \$15,000, without authorization by both parties.

E. LEGAL CONSIDERATION:

- The HRA Attorney prepared the Agreement.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve a resolution of support.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives from Beacon Interfaith Housing Collaborative

ATTACHMENTS:

| Description | Type |
|-----------------------------|--------------------|
| ☐ Resolution | Resolution Letter |
| ☐ Agreement | Contract/Agreement |
| ☐ Aerial Photograph of Site | Exhibit |

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

RESOLUTION NO. _____

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF PRELIMINARY
REDEVELOPMENT AGREEMENT WITH BEACON INTERFAITH HOUSING
COLLABORATIVE**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns the real property located at 6613-6625 Portland Avenue South (the “Redevelopment Property”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, the Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation (the “Redeveloper”) proposes to purchase the Redevelopment Property from the HRA and construct on the Redevelopment Property a multifamily housing project consisting of 40 supportive housing units and 25 underground parking spaces (the “Project”); and

WHEREAS, the Redeveloper proposes that all of the units within the Project will be affordable, with a portion of the units occupied by residents whose incomes do not exceed thirty percent (30%) of the area median gross income and the remainder of the units occupied by residents whose incomes do not exceed fifty percent (50%) of the area median gross income; and

WHEREAS, the Redeveloper and the Authority have been engaged in informal discussion regarding the Project, including consideration of the Authority selling the Redevelopment Property to the Redeveloper at a reduced cost, providing financial assistance for the Project using pooled tax increment from the Affordable Housing Trust Fund or providing both; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has been presented with a Preliminary Redevelopment Agreement (the “Preliminary Redevelopment Agreement”) between the Authority and the Redeveloper, which sets forth the Redeveloper’s intentions and the conditions under which the Redeveloper will undertake the Project; and

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

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

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

2. The Chair and Executive Director are hereby authorized to execute the Preliminary Redevelopment Agreement on behalf of the Authority and to carry out on the Authority’s obligations thereunder.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 18th day of April, 2022.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary

RC125-390 (JAE)
787985v1

PRELIMINARY REDEVELOPMENT AGREEMENT

THIS PRELIMINARY REDEVELOPMENT AGREEMENT, made as of the ____ day of _____, 2022 (the “Agreement”), is between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the “Authority”), and Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation (the “Redeveloper”). The Authority and the Redeveloper are referred to herein as the “Parties” or a “Party.”

RECITALS

First: The Redeveloper and the Authority have been engaged in informal discussions regarding the redevelopment of certain real property located at 6613-6625 Portland Avenue South in the City of Richfield, Minnesota (the “City”), which is legally described in EXHIBIT A attached hereto (the “Redevelopment Property”);

Second: The Redeveloper proposes to purchase the Redevelopment Property from the Authority and construct on the Redevelopment Property a multifamily housing project consisting of approximately 40 supportive housing units and approximately 25 underground parking spaces (the “Project”);

Third: All of the units within the Project will be affordable, with a portion of the units occupied by residents whose incomes do not exceed thirty percent (30%) of the area median gross income and the remainder of the units occupied by residents whose incomes do not exceed fifty percent (50%) of the area median gross income;

Fourth: In order to assist the Redeveloper with the Project, the Authority is considering either selling the Redevelopment Property to the Redeveloper at a reduced cost, providing financial assistance for the Project using pooled tax increment from the Affordable Housing Trust Fund or providing both;

Fifth: Based on initial reviews of the proposal, it appears that the Project is potentially feasible; however, further review is needed;

Sixth: The Parties wish to cooperate in further analyzing the potential and the feasibility of the Project and are willing to proceed with such analysis as described in this Agreement;

Seventh: The Parties acknowledge that the Redeveloper will expend substantial time and effort, and incur substantial expense in pursuing the Project;

Eighth: The Redeveloper is willing to undertake the activities described in this Agreement only with the reasonable assurance from the Authority that it will support and cooperate with the Redeveloper in its efforts;

Ninth: The Authority and the Redeveloper have executed this Agreement to document their understanding with respect to the proposed Project.

Tenth: This Agreement is effective from the date hereof through January 31, 2023 (the “Term”), but may be extended by the mutual agreement of both Parties.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual obligations of the Parties contained herein, each of them does hereby represent, covenant and agree with the other as follows:

1. Statement of Intent.

It is the intention of the Parties that during the Term of this Agreement the following activities will take place:

- (a) Plan Review and Refinement. The Redeveloper will complete and provide a general redevelopment plan, including parking layout and design, to the Authority for review and comment. This submission shall be made on or before May 16, 2022 as an application for sketch plan review. This review involves a staff review of the general redevelopment plan by Authority staff. Following the sketch plan review, the Redeveloper will undertake any additional studies or refinements to the general redevelopment plan for the Project that are necessary to determine that the plan (i) complies with the City's land use requirements; and (ii) provides sufficient detail to permit the reviews described in Section 1(d) below.
- (b) Financial Feasibility. The Redeveloper will provide to the Authority a financial feasibility analysis of the Project, including a detailed sources and uses of all funding and all expenditures expected for the construction of the Project and a Project pro forma, on or before May 16, 2022. The financial feasibility analysis should specify what financing will be obtained for the Project and from what sources and the amount of equity to be contributed to the Project.
- (c) Authority Analysis of Project. Following the receipt from the Redeveloper of the information set forth in Section 1(a) through (b) hereof, the Authority's fiscal consultant will conduct a financial analysis of the Redeveloper and the Project. The purpose of the Authority's analysis is to determine the Redeveloper's ability to finance the proposed Project. The analysis will consider such factors as the Redeveloper's capability to arrange for financing, the anticipated level of assistance available to the Project from the Authority or other sources, and the Redeveloper's ability to provide equity to the Project.
- (d) Acquisition of Redevelopment Property by Redeveloper. The Authority currently owns the Redevelopment Property. The Authority understands that in order for the Project to proceed, the Redeveloper must purchase the Redevelopment Property from the Authority. The Authority Board must hold a duly noticed public hearing before conveying the Redevelopment Property to the Redeveloper.
- (e) Contract Negotiation. On or before August 1, 2022, the Parties will attempt in good faith to negotiate the terms of a contract for private development (the "Contract") which will provide the terms of sale and the purchase price of the Redevelopment Property, the nature and timing of the Project and any private improvements to be constructed, and the form, amount and conditions of any economic assistance to be provided by the Authority for the Project. The Contract will contain such additional terms as either Party believes are necessary for the transaction.

- (f) Right of Entry. During the Term of this Agreement (as may be extended by the mutual agreement of both Parties), the Authority will grant the Redeveloper a right to enter the Redevelopment Property as necessary for surveying the Redevelopment Property, geotechnical and environmental tests, marketing to potential commercial tenants, and other studies of the Redevelopment Property. The Authority will also allow the Redeveloper to post a development and/or marketing sign on the Redevelopment Property.
- (g) Cooperation with Grant Applications. The Redeveloper plans to prepare applications for various grants for the Project, including but not limited to a Hennepin County Supportive Services Grant (the “Hennepin County Grant”). The Redeveloper will provide the Authority with applications for the Hennepin County Grant by April 30, 2022. The Authority agrees to cooperate with the Redeveloper to obtain the various grants, including supplying information for the grant applications and requesting approval from the Authority Board if necessary.
- (h) Tax Credit Application. The Redeveloper will apply for tax credits for the Project on or before July 30, 2022.

2. Undertaking by Redeveloper.

During the Term of this Agreement, the Redeveloper will undertake all of the activities necessary, in the Redeveloper’s discretion, to accomplish the activities described in Section 1 of this Agreement required to be performed by the Redeveloper.

3. Undertaking and Agreement by Authority.

The Authority agrees to cooperate with the Redeveloper in the Redeveloper’s undertakings and agrees to utilize its best efforts, subject to the Redeveloper’s performance, to accomplish the activities described in Section 1 of this Agreement, which includes an analysis of the financial feasibility of the Project and the nature, area, and financial implications of any tax increment financing district which might be established.

4. Term.

This Agreement is effective from the date hereof through January 31, 2023, unless extended with approval of the Authority Board, provided, in the event either Party, after consultation with the other Party, determines in good faith that the other Party is not diligently pursuing the Project or its obligations hereunder; or the Redeveloper determines, in good faith, that the Project is not feasible, such determining Party may terminate this Agreement upon thirty (30) days’ written notice to the other. The Authority may also terminate this Agreement for failure of the Redeveloper to provide additional funds pursuant to Section 5 below. The Parties each waive any claim or cause of action that they may have against the other Party based upon the termination of this Agreement by such other Party. The Parties may, by mutual written agreement, extend the Term of this Agreement for such further periods as determined to be appropriate from time to time.

5. Administrative Costs of Authority.

The Redeveloper agrees and understands that it is responsible for and will pay to the Authority \$2,000 in Authority staff costs, along with all out-of-pocket costs incurred by the Authority

(including without limitation reasonable attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the activities and the Project contemplated hereunder (collectively, the “Administrative Costs”). The Authority and Redeveloper agree that the Administrative Costs shall not exceed \$15,000 unless agreed to by both Parties. The Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the Authority.

Upon execution of this Agreement, the Redeveloper will deliver a deposit to the Authority in the amount of \$5,000 (the “Deposit”) to pay Administrative Costs. If at any time the Deposit drops below \$1,000, the Redeveloper shall replenish the deposit to the full \$5,000 within thirty (30) days after receipt of written notice thereof from the Authority. The Authority shall provide invoices to the Redeveloper for all payments deducted from the Deposit. If at any time the Deposit is insufficient to pay invoices related to the Project, the Authority will ask for additional Deposits from the Redeveloper. If the additional Deposit is not made within thirty (30) days following the date of such request, the Authority may elect to either suspend its performance under this Agreement or terminate this Agreement. Such suspension or termination will be effective on the date it is given in writing, or on such later date specified in the notification. Any unexpended or unencumbered portion of the Deposit shall be returned to the Redeveloper upon the expiration or termination of this Agreement.

6. Termination of Agreement.

This Agreement may be terminated upon five (5) days’ written notice by a Party to the other Party if:

- (a) in the respective good faith judgment of any Party, an impasse has been reached in the negotiation or implementation of any material term or the completion or execution of any material condition of this Agreement or the Contract; or
- (b) a Party fails to perform any of its obligations under this Agreement.

7. Miscellaneous.

- (a) This Agreement constitutes the entire agreement between the Parties relative to the proposed Project. Unless specifically described herein, no obligation shall be inferred or construed.
- (b) The redevelopment of the Redevelopment Property will be in accordance with the Contract or other agreements which the Parties shall, in good faith, attempt to negotiate during the Term of this Agreement.
- (c) The Redeveloper understands that further and separate action, for which no obligation is created hereunder, will be required before the Authority or the Redeveloper is obligated to take various actions with respect to the Project. Those actions may include, without limitation:
 - 1) Zoning and subdivision approvals to the extent any are required;
 - 2) Construction of public improvements to serve the Project; and
 - 3) Negotiation of and approval of the Contract by the Authority Board.

- (d) The Redeveloper further understands that many of the actions which the Authority or the City may be called upon to take require the reasonable discretion and, in some instances, the legislative judgment of the Authority or the City, and such actions may be made only following established procedures; and the Authority may not, by agreement, agree in advance to any specific decision in such matters.
- (e) Notice or demand or other communication between or among the Parties shall be sufficiently given if sent by certified or registered mail, postage prepaid, return receipt requested or delivered personally:

Beacon Interfaith Housing Collaborative
2610 University Avenue West, Suite 100
Saint Paul, MN 55114
Attn: Kirsten Spreck, Director of Housing Development

Housing and Redevelopment Authority
in and for the City of Richfield, Minnesota
6700 Portland Avenue South
Richfield, MN 55423
Attn: Melissa Poehlman, Executive Director

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

IN WITNESS WHEREOF, the Parties have executed this Preliminary Redevelopment Agreement effective the date and year first above written.

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

BEACON INTERFAITH HOUSING
COLLABORATIVE, a Minnesota nonprofit
corporation

By: _____
Mary Supple
Its: Chair

By: _____
Lee Bons
Its: President

By: _____
Melissa Poehlman
Its: Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF THE REDEVELOPMENT PROPERTY

[INSERT LEGAL DESCRIPTION]

RC125-390 (JAE)
786895v2

The Richfield Site

66th Street East and Portland Avenue South





STAFF REPORT NO. 18
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
4/18/2022

REPORT PREPARED BY: Melissa Poehlman, Executive Director
OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: Melissa Poehlman, Executive Director
4/14/2022

ITEM FOR COUNCIL CONSIDERATION:

Consider a resolution authorizing the Executive Director to negotiate a Purchase Agreement regarding property located at 1516 - 66th Street East.

EXECUTIVE SUMMARY:

The owners of A World of Fish, located at 1516 - 66th Street East, have decided to close their business and have approached the Housing and Redevelopment Authority (HRA) about purchasing their building. The Executive Director and Chief Building Official have conducted an initial inspection of the property and due to the age of the structure, believe that reuse of the property would be challenging. Historically, the HRA has purchased properties that would be especially challenging to reuse and those that offer an opportunity for the HRA and City to influence redevelopment in key areas.

The property owners are anxious to begin their retirement and would like to move quickly to sell the property. An appraisal of the property is underway, but will not be completed until the end of the month. Staff is requesting that the HRA authorize the Executive Director to negotiate the purchase of the property for up to an amount equal to 110% of the tax value of the property and return to the HRA with a final Purchase Agreement in May.

The Assessed Market Value of the property is \$503,000. In the past, the HRA has agreed to purchase commercial properties for approximately 110% of the Assessed Market Value given that the Assessed Market Values, as determined by Hennepin County, reflect the prior year's value and typically lag the real estate market. Conversations with our commercial appraiser confirm that while there are many factors that go into an appraised value, this is a reasonable framework.

If purchased, the HRA would hold the site for future redevelopment.

RECOMMENDED ACTION:

By motion: Adopt a resolution authorizing the Executive Director to negotiate a Purchase Agreement regarding the property located at 1516 - 66th Street East.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA has a history of purchasing properties along the City's commercial corridors that would be a challenge to reuse and/or that offer a strategic advantage in redevelopment of a larger area.
- The owners have determined that after 48 years of successful business in Richfield, it is time to

retire and close A World of Fish.

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

- Purchasing this property offers the HRA the opportunity to direct redevelopment along 66th Street in a manner that is consistent with investments in the public right-of-way in this area. As currently situated, the parking at this building requires cars to travel over the public right-of-way to access stalls and creates a less-than-ideal situation for pedestrians and bicyclists.

C. CRITICAL TIMING ISSUES:

- Staff and the property owners are looking for confirmation from the HRA that it is interested in purchasing the property at 1516 - 66th Street East and that the anticipated price is acceptable. This will allow the property owner to begin preparations to shutter the business.
- A final Purchase Agreement would be brought to the HRA for approval in May.

D. FINANCIAL IMPACT:

- The HRA budget anticipates occasional acquisitions (and related demolitions) such as this, and there is available funding.
- The exact source of the funding will depend on the outcome of a "substandard and blight study."
- If, as expected, the property is determined to be "blighted and substandard", the property will be acquired with funds from the HRA's Housing and Redevelopment Fund. Otherwise the funding would come from the Development Account.

E. LEGAL CONSIDERATION:

- HRA legal counsel drafted the attached resolution and would prepare a Purchase Agreement related to this acquisition.

ALTERNATIVE RECOMMENDATION(S):

- Deny approval of the resolution and do not pursue acquisition of this property.
- Approve the resolution with modifications that address any concerns by HRA Commissioners.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Property owners are hoping to be in attendance, but may be unable to attend.

ATTACHMENTS:

| Description | Type |
|--------------|-------------------|
| □ Resolution | Resolution Letter |

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

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE A
PURCHASE AGREEMENT REGARDING THE PROPERTY LOCATED AT 1516 - 66TH
STREET EAST IN THE CITY OF RICHFIELD**

WHEREAS, the owners of A World of Fish, located at 1516 - 66th Street East, Richfield, Minnesota (the "Property"), have determined to close the business and are interested in selling the Property and the building located thereon (the "Building") to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority"); and

WHEREAS, the Authority has proposed to enter into a Purchase Agreement (the "Purchase Agreement") with the owners of the Property and desires to authorize the Executive Director of the Authority to negotiate the terms of the Purchase Agreement with a purchase price of the Property and the Building in an amount equal to up to 110% of the tax value of the Property; and

WHEREAS, the Authority intends to approve the Purchase Agreement at the meeting of the Board of Commissioners of the Authority (the "Board") to be held on May 18, 2022, or another meeting to be determined by the Executive Director of the Authority; and

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

1. The Executive Director is hereby authorized and directed to negotiate the terms of the Purchase Agreement with a purchase price of the Property and the Building in an amount equal to up to 110% of the tax value of the Property.
2. The purchase of the Property and the Building shall not be effective until the Board has approved the execution and delivery of the Purchase Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 18th day of April, 2022.

Mary B. Supple, Chair

ATTEST:

Maria Regan Gonzalez, Secretary