



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
NOVEMBER 19, 2018
7:00 PM**

Call to Order

Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Mary Supple.

Approval of the minutes of the: (1) Special City Council, Housing and Redevelopment Authority, and Planning Commission work session of October 9, 2018; and (2) Regular Housing and Redevelopment Authority meeting of October 15, 2018.

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 the adoption of a resolution authorizing the purchase of real property located at 6701 17th Avenue South, pending consideration of a finding of consistency by the Richfield Planning Commission.
Staff Report No. 47
 - B. Consideration of the approval of revisions to the First Time Homebuyer Program Guidelines.
Staff Report No. 48
3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consideration of the adoption of a resolution approving a Fair Housing Policy.
Staff Report No. 49
5. Consideration of the approval of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 6933 Oliver Avenue S under the Richfield Rediscovered Credit Program.
Staff Report No. 50
6. Consideration of the approval of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 7420 Sheridan Avenue S under the Richfield Rediscovered Program.
Staff Report No. 51

HRA DISCUSSION ITEMS

7. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

8. Executive Director's Report

CLAIMS AND PAYROLLS

9. Claims and Payrolls

10. Adjournment

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



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

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

October 9, 2018

CALL TO ORDER

The work session was called to order by Chair Supple at 6:15 p.m. in the Bartholomew Room.

HRA Members Present: Mary Supple, Chair; Erin Vrieze Daniels; and Michael Howard (arrived at 6:21 p.m.).

HRA Members Absent: Sue Sandahl and Pat Elliott.

Council Members Present: Maria Regan Gonzalez, Mayor Pro Tempore; Edwina Garcia; Michael Howard (arrived at 6:21 p.m.); and Simon Trautmann (arrived at 6:31 p.m.).

Council Members Absent: Pat Elliott, Mayor.

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

Planning Commission Absent: Daniel Kitzberger and Allysen Hoberg.

Staff Present: Steven L. Devich, City Manager; John Stark, Community Development Director; and Jared Voto, Executive Aide/Analyst.

Item #1	DISCUSSION OF POTENTIAL MULTI-FAMILY DEVELOPMENT AT LUNDS & BYERLYS (6228 PENN AVE)
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Community Development Director Stark discussed the Lunds & Byerlys site, stating it is underdeveloped with a large parking area. He stated Lunds and Byerlys approached the City with a new concept for the area.

Brad List and Mitch Avery, Lunds and Byerlys, introduced themselves and began their presentation. Mr. Avery stated Lunds and Byerlys have been in Richfield since 1967. He said people are interested in living above a Lunds and Byerlys and they are looking at this as an opportunity to grow. He discussed the ability to make an impact in a very visible area at Crosstown and Penn Avenue and their hope to create more of a community feel and a gateway into the community; including housing that is attractive to all ages and income levels.

Council Member Garcia asked about the customer base of Lunds and Byerlys.

Mr. Avery responded that it is a majority of Richfield residents and people located within a 1-mile radius of the store.

Mr. List discussed the proposed development. He stated it is about 130 units of residential and their goal was to have one space of parking for every bedroom. They propose a drive-thru for the Caribou Coffee. Housing includes underground parking, parking on ground level, and an amenity deck on the 2nd floor, and rooftop amenities. He discussed the sizing and remodeling of the Lunds store so exteriors of the store and new residential building match. Lastly, he discussed the connection from the residential building to the Lunds and Byerlys store, the sizing of the residential units from studio to two-bedroom, the market study they completed that supports the smaller square foot unit sizes, and future discussions with City on affordable units.

Chair Supple commented on creating residential units that are accessible as well as affordable, as that is a need in the community.

Chair Hayford Oleary stated he was excited about the concept and commented on his concern about the location of the building in the back of the site rather than on Penn Avenue. He also discussed his concern for drive thru and his wish for having the storefront and principle entrance facing Penn Avenue.

Mr. Avery responded that they looked at placing the building along Penn Avenue and the parking behind but it was difficult to place that on this site. He also discussed the natural tree buffer between the residential building and single-family homes.

Chair Hayford Oleary also commented the single-family homes may have a negative reaction to a six story building near them, so if the building could be moved toward Penn it would fix two issues. He commented if the building cannot be moved toward Penn to create an inviting transition/landscaped path from the residential building to Penn Avenue.

Mr. List agreed that is their intention and they also hope to keep the large oak tree on the site.

Commissioner Quam asked about the retail pad proposed near Penn Avenue and commented that would be right near Penn Avenue.

Mr. Avery commented the retail pad will invite people into the area.

Commissioner Rudolph commented about the tree buffer on the west of the site.

Mr. Avery responded that they would definitely be keeping the tree buffer.

Commissioner Vrieze Daniels asked if the project is financially viable or will it need financial assistance from the City.

Mr. List responded that if it has affordable units assistance would be needed.

Council Member Howard asked about plans on getting feedback from neighbors and what that process would be.

Mr. Avery stated they want to work with the neighbors because they are their customers. Mr. List stated they plan on working on organizing neighborhood meetings. They said they get good

feedback and ideas from meeting with neighbors. Mr. List discussed a bit of the timeline for beginning construction in spring of 2019 and opening a year from then (spring 2020).

Commissioner Pynn commented on echoing Chair Hayford Oleary's comments and asked if they couldn't do the drive thru would there be a chance to add an addition to the Lunds and Byerlys building to increase its size and move it toward Penn.

Mr. Avery stated it was possible but they believe they need the access point to keep traffic flowing on the site.

Community Development Director Stark stated from a big picture level there are not a lot of City approvals needed and no issues. He discussed the financial assistance and stated that in Richfield financial assistance has been always need if it had one of two things, structured parking or affordable housing, and this proposed development has both. He also mentioned the retail pad and if timing had been better that this could have been the Penn Avenue Liquor Store, but since the the Penn Store has been recently remodeled it might not be feasible, although the door isn't closed on that.

Mr. Avery stated they would like to have a Richfield liquor store at that site.

City Manager Devich commented about the different sites that have redeveloped along Penn Avenue and shared his excitement with these plans as it's a major site along the corridor and entrance to Richfield.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:57 p.m.

Date Approved: November 19, 2018

Mary B. Supple
HRA Chair

Kate Aitchison
Housing Specialist

Steven L. Devich
Executive Director



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

October 15, 2018

CALL TO ORDER

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

HRA Members Present: Mary Supple, Chair; Pat Elliott; Michael Howard; Sue Sandahl; and Erin Vrieze Daniels.

Staff Present: Steve Devich, Executive Director; John Stark, Community Development Director; Julie Urban, Housing Manager; and Kate Aitchison, Housing Specialist.

**APPROVAL OF THE MINUTES OF THE REGULAR HOUSING AND REDEVELOPMENT
AUTHORITY MEETING OF SEPTEMBER 17, 2018.**

M/Sandahl, S/Howard to approve the minutes of the regular Housing and Redevelopment Authority meeting of September 17, 2018.

Motion carried 5-0.

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

Motion carried 5-0.

Item #2	CONSENT CALENDAR
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Executive Director Devich presented the Consent agenda:

- A. Consideration of the approval of the use of the Housing and Redevelopment Authority General Fund for one (1) Down Payment Assistance Loan in the amount of \$10,000. (S.R. No. 45)

M/Sandahl, S/Elliott to approve of the consent calendar.

Commissioner Vrieze Daniels stated her support for the program.

Commissioner Elliott asked for clarification on the program guidelines and eligibility. Housing Specialist Aitchison provided details about the funding and program requirements.

Motion carried 5-0.

Item #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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None.

Item #4	CONSIDERATION OF THE ADOPTION OF A RESOLUTION APPROVING AN INCLUSIONARY AFFORDABLE HOUSING POLICY. (S.R. NO. 46)
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Housing Manager Urban presented Staff Report No. 46.

Chair Supple asked for clarification about how single family scattered site programs would be evaluated under this policy.

Housing Manager Urban explained that the Richfield Rediscovered and New Home Programs would be evaluated based over a three-year period of the programs in whole. These projects happen on an individual basis, and the budget process also provides a means for balancing the programs.

Commissioner Elliot stated his desire for staff to take on the monitoring and proactive management of that planning.

Housing Manager Urban stated that yes, staff will be working to keep the programs and ratios in balance.

Commissioner Elliott asked for clarification on the opt-out funding available to the city, and the basis for establishing that amount.

Community Development Director Stark explained the process and stated that each case is different and specific to the individual project. Staff

Commissioner Sandahl stated that you can see evidence of this ratio over the years, and stated her understanding that the funding sources also help dictate which properties are purchased for each program.

Housing Manager Urban and Community Development Director Stark stated their perspective on how the changing housing market impacts these ratios, especially in times of a market slow-down.

Commissioner Vrieze Daniels asked for clarification on the Area Median Income (AMI).

Housing Manager Urban responded.

M/Howard, S/Elliott to adopt a resolution approving an Inclusionary Affordable Housing Policy.

RESOLUTION NO. 1315
 A RESOLUTION APPROVING THE ADOPTION OF AN INCLUSIONARY
 AFFORDABLE HOUSING POLICY

Commissioner Sandahl asked if the policy be distributed to surrounding communities.

Housing Manager Urban responded that it will be shared with other communities during their regularly scheduled working meetings on this topic.

Motion carried 5-0. This resolution appears as Resolution No. 1315.

Item #5	HRA DISCUSSION ITEMS
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None.

Item #6	EXECUTIVE DIRECTOR REPORT
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None.

Item #7	CLAIMS AND PAYROLL
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M/Elliott, S/Sandahl that the following claims and payroll be approved:

U.S. BANK	
Section 8 Checks: 130125-130203	\$164,620.76
HRA Checks: 33531-33543	\$ 91,364.31
TOTAL	\$255,985.07

Motion carried 5-0.

Commissioner Elliot asked if incoming Executive Director Stark would like to add anything.

Community Development Director Stark stated that staff recently presented a grant proposal to the Metropolitan Council for Livable Communities Funds for \$1.2 million. Four suburban communities were competing for funds. Applications are reviewed by committee and then passed on to the Council for approval.

Item #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 7:20 p.m.

Date Approved: November 19, 2018

 Mary B. Supple
 HRA Chair

 Kate Aitchison
 Housing Specialist

 Steven L. Devich
 Executive Director



STAFF REPORT NO. 47
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
11/19/2018

REPORT PREPARED BY: Melissa Poehlman, Asst. Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
11/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
11/15/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution authorizing the purchase of real property located at 6701 17th Avenue South, pending consideration of a finding of consistency by the Richfield Planning Commission.

EXECUTIVE SUMMARY:

The property at 6701 17th Avenue South is located on the corner of 17th Avenue and a remaining half-block of 67th Street East. This home is the only home served by this 145-foot stretch of road. The owner of 6701 17th Avenue South has expressed an interest in selling the property.

The purchase of this home would allow the City to vacate and remove this section of 67th Street, thereby eliminating ongoing maintenance (e.g. pavement, plowing). Additionally, the purchase of the home and vacation of the street could potentially provide area for additional landscaping that would increase screening around the pool and dog area that are part of the Chamberlain Apartments project. Once purchased, a new garage that is accessed via 17th Avenue could be constructed and the home re-sold or rented.

Staff engaged relocation specialists from Evergreen Land Services to help with this process. Based on valuations by the city's appraiser (\$248,000) and the land owner's appraiser (\$281,000), a final offer [contingent on Housing and Redevelopment Authority (HRA) approval] of \$310,000 has been made to the property owner. This number includes the land and building and "relocation costs" as defined by the Federal Uniform Relocation Act (including price differential, moving, and anticipated closing costs). Staff viewed this as a reasonable offer given that there are long-term benefits to the permanent removal of this stretch of road. The resolution allows staff to spend up to \$2,500 on miscellaneous administrative costs that may arise.

If purchased, the current owner will be permitted to occupy the home until April 1, 2019 to avoid moving over the winter months.

RECOMMENDED ACTION:

By motion: Adopt a resolution authorizing the purchase of real property located at 6701 17th Avenue South, pending consideration of a finding of consistency by the Richfield Planning Commission.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

- None

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

- State Statutes require that a community's Planning Commission make a ruling on whether any public acquisition is consistent with that community's Comprehensive Plan.

C. **CRITICAL TIMING ISSUES:**

- The Planning Commission is scheduled to consider the consistency of this acquisition with the Comprehensive Plan on November 26, 2018.

D. **FINANCIAL IMPACT:**

- The HRA budget anticipates occasional acquisitions such as this, and there is available funding.
- Much of this money would be repaid if the house were resold after the reorientation of the driveway and garage.

E. **LEGAL CONSIDERATION:**

- HRA legal counsel drafted the Purchase Agreement related to this acquisition.

ALTERNATIVE RECOMMENDATION(S):

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

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

	Description	Type
□	Resolution	Resolution Letter
□	Draft Purchase Agreement	Exhibit

HRA RESOLUTION NO. _____

**RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY
LOCATED AT 6701 17TH AVENUE SOUTH**

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

6701 17th Avenue South

Legal: Lot 16, Block 3, Wexler’s Addition, Hennepin County, Minnesota.

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

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

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

1. The purchase price for the property is approved at \$310,000 plus closing costs, not to exceed \$312,500.
2. The Chairperson and Executive Director are authorized to execute a Purchase Agreement and to take other actions necessary to purchase the property for the amount set forth in this Resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota on this 19th day of November, 2018.

Mary B. Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

PURCHASE AGREEMENT

This Purchase Agreement (“Agreement”) is made this ____ day of _____, 2018, by and between Jeanne E. Streit, a single person (hereinafter referred to as the “Seller”) and the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (hereinafter referred to as “Buyer”).

1. **Purchase and Sale.** Seller shall sell to Buyer and Buyer shall purchase from Seller, subject to the terms and conditions of this Agreement, the real property generally located at 6701 17th Avenue South, Richfield, MN 55423 [Hennepin County Property Identification Number Tax No. 26-028-24-41-0095] legally described on **Exhibit A** attached hereto and incorporated herein by reference, together with all improvements, tenements, hereditaments, easements, rights-of-way, privileges, appurtenances and rights to the same belonging to and inuring to the benefit of said real estate and any fixtures identified on **Exhibit A-1** to the extent owned by Seller and currently located on the Property (said property and said improvements, rights and privileges and personal property are hereinafter referred to as the “**Property**”).
2. **Excluded Items.** Personal property shall be retained by the Seller and will **not** be conveyed to Buyer as part of the sale (hereinafter the “Excluded Items”). **The Excluded Items must be removed by Seller no later than March 31, 2019.** Seller is responsible for all costs and expenses associated with removing the Excluded Items from the Property. Buyer shall not be responsible for any costs or expenses associated with the removal of the Excluded Items from the Property.
3. **Purchase Price for Property and Additional Payments at Closing.**
 - A. **Purchase Price.** The purchase price for the Property is Two Hundred Ninety Thousand and 00/100ths Dollars (\$248,000.00) (the “Purchase Price”) payable pursuant to the terms of this Agreement by check or wire transfer.
 - B. **Additional Payments at Closing/Relocation Payment.** Buyer shall also pay at closing, pursuant to the terms of this Agreement \$62,000.00 for relocation payment.
4. **Relocation Benefits.** Seller is aware of Seller’s rights and payments that Seller is eligible to receive pursuant to the Uniform Relocation Assistance Act (the “Act”). Seller acknowledges that Seller has been given the opportunity to seek and receive the advice of legal counsel with respect to relocation, moving, reestablishment, and other costs, if any, that may be available to the Seller under the Act.

Seller hereby acknowledges that the Relocation Payment of \$62,000.00 is in full payment for Relocation Benefits. At closing and as a condition precedent to closing, Seller shall forever waive, release and covenant not to sue the City or Buyer with respect to any claims that the Seller may have to receive any relocation assistance, relocation services,

relocation payments and relocation benefits pursuant to the Act or under Minnesota Statute Chapter 117 or any other provisions of federal or state law with respect to the Property and/or the sale of the Property as provided in this Purchase Agreement. Seller acknowledges that Seller will make such waiver, release and covenant not to sue of Seller's own volition and with full knowledge of the specific relocation benefits to which Seller is entitled.

Prior to and as a condition of closing, Seller will be required to sign a **Receipt, Waiver and Release Agreement**, the form of which is attached hereto as **Exhibit B**.

Seller acknowledges that she has met with a relocation consultant prior to executing this Agreement. The relocation consultant has determined the amount of relocation benefits for which Seller would be eligible.

5. **Date and Location of Closing.** The Closing Date will be on or before _____ . Delivery of all papers and the closing shall be made at the offices of Buyer, 6700 Portland Avenue South, Richfield, Minnesota 55423, or at such other location as is mutually agreed upon by the parties.
6. **Possession/Utilities/Removal of Property/Escrow.**
 - A. **Possession.** The Seller agrees to deliver possession in accordance with the Escrow and Occupancy Agreement, a copy of which is attached hereto and incorporated herein as **Exhibit C**, on, or before, April 1, 2019; (the "**Possession Date**").
 - B. **Utilities.** City water and sewer charges, electricity and natural gas charges, fuel oil and liquid petroleum gas shall be pro-rated between the parties as of the Possession Date. Seller shall arrange for final readings as of the Possession Date.
 - C. **Personal Property.** The Seller agrees to remove all debris and all personal property not included herein from the Property before the Possession Date. Personal property not so removed shall be deemed forfeited to and shall become the property of Buyer. The Buyer may inspect the Property immediately prior to closing and deduct from the purchase price payable at closing an amount reasonably necessary to pay for the cost of removal of any debris or personal property then remaining on the Property. The provisions of this paragraph shall not merge with the deed and shall survive closing on the property.
 - D. **Escrow.** Seller agrees that, at closing, Buyer may retain Two Thousand Dollars (\$2,000.00) from the purchase price for the Property as an Escrow for payment of personal property removal, disposal charges and utility charges. The retained amount, less deductions provided for in this paragraph, will be delivered to Seller no later than 60 days following the Closing Date or delivery of possession, whichever is later. Said funds shall be held by Kennedy & Graven, Chartered, as Escrow

Agent, pursuant to the terms of the Escrow and Occupancy Agreement attached here as Exhibit C.

- E. **Amounts Due.** The Buyer's ability to deduct amounts due under this paragraph from the retained escrow is not exclusive but is in addition to Buyer's rights at law and equity to collect such amounts from Seller. The Seller is responsible for the amounts due under this paragraph even if: (i) Buyer neglects to deduct the amount from escrow; or (ii) the escrowed amount is insufficient to pay all amounts due under this paragraph 8.
8. **Environmental Investigation.** Seller shall provide all documents and written information in Seller's exclusive possession, regarding the environmental condition of the Property. Buyer may, at Buyer's sole cost and expense, obtain additional environmental information necessary for Buyer to complete its due diligence with respect to the Property in order to satisfy Buyer as to the environmental condition of the Property. Seller agrees to cooperate in providing accurate information relating to the Property and in allowing the Buyer's environmental investigators to enter the Property and to perform any necessary tests or analysis, including but not limited to soil borings of the Property. Buyer may also inspect and investigate the physical condition of the Property. Buyer's obligation to purchase the Property is specifically conditioned upon its good faith determination that the results of any Phase I or Phase II Environmental Site Assessment as well as any additional investigation of the Property are reasonably acceptable to the Buyer.
9. **Delivery of Property.** Seller hereby agrees to sell to Buyer on the Closing Date and deliver the Property to Buyer on the Possession Date free of any liens and encumbrances.
10. **Warranty Deed.** Seller shall deliver title by Warranty Deed and the Warranty Deed to be executed and delivered by Seller to Buyer shall convey marketable title free and clear of all mortgages, liens and encumbrances and subject only to the following exceptions (the "**Permitted Encumbrances**"):
- A. Building, zoning and platting laws, ordinances and state and federal regulations;
 - B. Reservations of any minerals or mineral rights to the State of Minnesota;
 - C. Utility easements and road easements existing at the date hereof, which do not interfere with the existing use of the Property.
11. **Real Estate Taxes.** On or before the Date of Closing, Seller hereby agrees to pay all real estate taxes that are delinquent or that exist as a lien against the Property as of the Date of Closing. Seller hereby agrees to pay all real estate taxes levied against the Property herein sold due and payable in the years prior to Closing. Any real estate taxes levied against the Property that are due and payable in the year of Closing shall be prorated between Seller and Buyer with Seller responsible for the time period up to and including the Date of Closing. Buyer shall be responsible for the payment of all real estate taxes levied against the Property after Closing.

12. **Special Assessments.** On or before the Date of Closing, Seller agrees to pay the principal and interest amounts owing on all levied special assessments, including the installments, if any, payable in the years 2018 and thereafter; and Seller agrees to pay the principal amount relating to any pending special assessments.

13. **Title.** After acceptance of this Agreement, Buyer, at Buyer's cost, shall immediately obtain a Commitment of Title Insurance in the amount of \$248,000.00. The Buyer shall be allowed twenty (20) days after receipt thereof for examination of title and making of any objection thereto, said objections to be made in writing or deemed to be waived. If any objections are so made, the Seller shall be allowed 30 days to make such title marketable. Pending correction of title, payments hereunder required shall be postponed, but upon correction of title and within the twenty (20) days after written notice to the Buyer, the parties shall perform this Agreement according to its terms. If title is not marketable and is not made so within 30 days from the date of written objections thereto as above provided, this Agreement shall be null and void with neither party being liable for damages hereunder to the other party. If the title to said Property is found marketable or is so made within said time, and Buyer shall default in any of the agreements and continue in default for a period of ten (10) days, then and in that case, the Seller may terminate this Agreement, time being of the essence hereof. Seller's sole and exclusive remedy for breach of this Agreement by Buyer shall be cancellation of this Agreement. In the event of any default by Seller, Buyer's exclusive remedies shall be (1) termination of this Agreement or (2) to specifically enforce this Agreement. In any action or proceeding to enforce this Agreement or any term hereof, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees. Buyer shall pay the title insurance commitment fee and the title insurance premium for the issuance of any Final Title Insurance Policy for the Property.

14. **Environmental Warranties.** Seller warrants that no toxic or hazardous substances (including without limitation, asbestos, urea form formaldehyde, the group of organic compounds known as polychlorinated biphenyl's, and any hazardous substances, pollutants or contaminants as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601-9657, as amended or as defined by Minn. Stat. § 115B.02, as amended) have been placed, generated, treated, stored, released or disposed of, or otherwise deposited by Seller in or located on the Property, including without limitation, the surface and subsurface waters of the Property, nor has Seller undertaken any activity on the Property which caused (i) the Property to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of, the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 9601 et. seq., the Minnesota Environmental Response and Liability Act ("MERLA"), or any similar state law or local ordinance or any other Environmental Law, (ii) a release or threatened release of hazardous waste from the Property within the meaning of, or otherwise bring the Property within the ambit of CERCLA, MERLA, or any similar state law or local ordinance or any other Environmental Law, or (iii) the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal

Water Pollution Control Act, 33 U.S.C. Section 1351 et seq., or the Clean Air Act, 42 U.S.C. Section 7401 et seq., MERLA, or any similar state law or local ordinance or any other Environmental Law.

Seller also warrants to Buyer that to Seller's knowledge, no toxic or hazardous substances (including without limitation, asbestos, urea form formaldehyde, the group of organic compounds known as polychlorinated biphenyl's, and any hazardous substances, pollutants or contaminants as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601-9657, as amended or as defined by Minn. Stat. § 115B.02, as amended) have been generated, treated, stored, released or disposed of, or otherwise deposited in or located on the Property, including without limitation, the surface and subsurface waters of the Property, nor has any activity been undertaken on the Property which caused (i) the Property to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of, the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 9601 et. seq., the Minnesota Environmental Response and Liability Act ("MERLA"), or any similar state law or local ordinance or any other Environmental Law, (ii) a release or threatened release of hazardous waste from the Property within the meaning of, or otherwise bring the Property within the ambit of CERCLA, MERLA, or any similar state law or local ordinance or any other Environmental Law, or (iii) the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal Water Pollution Control Act, 33 U.S.C. Section 1351 et seq., or the Clean Air Act, 42 U.S.C. Section 7401 et seq., MERLA, or any similar state law or local ordinance or any other Environmental Law.

Seller also warrants to Buyer that to Seller's knowledge, there are no substances or conditions in or on the Property which may support a claim or cause of action under RCRA, CERCLA, MERLA or any other federal, state or local environmental statutes, regulations, ordinances or other environmental regulatory requirements. Seller also warrants that there are no underground deposits which contain hazardous wastes or petroleum and that there are no underground storage tanks of any kind located on the Property.

Seller also warrants that to the best of Seller's knowledge, no portion of the Property is now used as a garbage or refuse dump site, landfill, waste disposal facility, waste transfer station or any other type of facility for the storage, processing, treatment or temporary or permanent disposal of waste materials of any kind. Seller has not used, generated, stored, released or disposed of any hazardous substances, wastes, or other materials identified as hazardous or toxic in any federal, state, local or other statute, ordinance, rule, regulation or governmental requirement on the Property.

Seller also warrants that to the best of Seller's knowledge, no portion of the Property contains Construction Debris (building materials, packaging, and rubble resulting from construction, remodeling, repair, and demolition of buildings and roads or as defined by Minn. Stat. § 115A.03), Demolition Debris (solid waste resulting from the demolition of buildings, roads, and other man-made structures including concrete, brick, bituminous

concrete, untreated wood, masonry, glass, trees, rock, and plastic building parts), Industrial Solid Waste (all solid waste generated from an industrial or manufacturing process and solid waste generated from non-manufacturing activities such as service and commercial establishments or as defined by Minn. Stat. § 115A.03), Mixed Municipal Solid Waste (garbage, refuse, and other solid waste from residential, commercial, industrial, and community activities that the generator of the waste aggregates for collection or as defined by Minn. Stat. § 115A.03), or Solid Waste (garbage, refuse, sludge from a water supply treatment plant or air contaminant treatment facility, and other discarded waste materials and sludges, including but not limited to sewer sludge, in solid, semi-solid, liquid, or contained gaseous form, resulting from industrial, commercial, mining, and agricultural, operations, and from community activities, but does not include animal waste used as fertilizer or as defined by Minn. Stat. § 115A.03).

Seller warrants that to the best of Seller's knowledge, the soils and grounds of the Property are free from any release of petroleum and there has been no release of petroleum on the Property.

"Environmental Law" means any environmental, health or safety law, rule, regulation, ordinance, order or decree, including, without limitation, CERCLA, RCRA, MERLA, any "Superfund" or "Super Lien" law or any other federal, state, county or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any petroleum, natural or synthetic gas products and/or hazardous, toxic or dangerous waste pollutant or contaminant, substance or material as may now or any time hereinafter be in effect.

15. **Labor and Materials.** Seller warrants that as of the Possession Date there will be no labor or material furnished to the Property for which payment has not been made.
16. **Governmental Notices.** The Seller warrants that, as of the Closing Date, Seller has not received any notice from any government authorities as to violations of any laws, ordinances, or regulations with respect to the Property.
17. **Seller's Disclosure Required By Minnesota Statutes § 513.52 to 513.60.** The parties acknowledge that Minnesota Statute § 513.54 states that the disclosure requirements of § 513.52 to 513.60 do not apply if the transfer is to a government. The Buyer is a government.
18. **Wells Disclosure.** Seller represents that Seller is not aware of an existing water well on the Property. To the extent there is found to be an existing well on the Property that is not in use, the Seller will be responsible for the cost of the sealing of the well by a licensed well contractor.
19. **Sewage Treatment System.** Seller represents that there is not an individual sewage treatment system, septic tank or cesspool system on or serving the Property. To the extent there is found to be an existing sewage treatment system or tank of any sort on or serving

the Property, the Seller will be responsible to remove the sewage treatment system or tank at Seller's expense pursuant to state and county regulations, it being agreed that Buyer has no such liability for any sewage treatment system or tank on or serving the Property.

20. **Lead Paint Disclosure.** Seller represents that the dwelling was constructed on the Property before 1978. Attached hereto and made a part hereof as **Exhibit D** is a Lead Paint Addendum for Housing Constructed before 1978.
21. **Methamphetamine Disclosure.** To the best of Seller's knowledge, Seller represents that methamphetamine production has not occurred at the Property.
22. **Conditions Precedent.** The Buyer's obligation to close this transaction is expressly contingent upon the Buyer determining on or prior to the Date of Closing, the following to be satisfactory and acceptable to Buyer, in the Buyer's sole judgment and opinion:
 - A. any recorded easements to which the Property is subject;
 - B. the status of any encumbrances and the marketability of title with respect to the Property;
 - C. any physical encroachments on the Property; and
 - D. the physical condition of the Property (environmental or otherwise) and the buildings located thereon.
23. **Indemnification.** From and after delivery to Buyer of the Warranty Deed for the Property, Seller agrees to indemnify, defend and hold Buyer harmless against and in respect of any and all claims, demands, actions, suits, proceedings, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties and reasonable attorneys' fees, that Buyer incurs or suffers, after the Date of Closing, which arise out of, result from or relate to a breach of any of Seller's warranties made in Sections 15 and 40 and of Seller's obligation to remove the Personal Property as provided in Section 6C.
24. **[Reserved]**
25. **Acknowledgment of Fair Market Value.** Buyer and Seller agree that the Purchase Price listed in this Agreement represents the fair market value of the Property which has been determined by a method of valuation acceptable to Buyer and Seller.
26. **Survival of Warranties.** The representations, indemnifications, warranties, and covenants of Buyer and Seller contained in this Agreement shall survive the conveyance of the Property and shall not be merged with the Warranty Deed or with other closing documents.
27. **Assignment of Agreement.** Nothing in this Agreement, express or implied, is intended to confer upon any person other than the parties hereto and the heirs, executors, personal

representatives, successors and assigns, any rights or remedies under or by reason of the Agreement. No assignment of this Agreement or any rights or obligations hereunder shall be effective unless the written consent of the other party is first obtained.

28. **Amendment of Agreement.** This Agreement may be amended only by a written instrument executed by Buyer and Seller.
29. **Entire Agreement.** This Agreement embodies the entire agreement between the parties with relation to the transaction provided for herein, and there have been and are no covenants, agreements, representations, warranties, or restrictions between the parties with regard thereto other than those set forth herein.
30. **Date of Agreement.** All references in the Agreement to “the date of this Agreement” shall be deemed to refer to that date set forth in the introductory clause of this Agreement.
31. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.
32. **Time of Essence.** Time is of the essence in the closing of this transaction.
33. **Severability.** In the event any one or more of the provisions of this Agreement, or any application thereof, shall be found to be invalid, illegal, or otherwise unenforceable, the validity, legality, and enforceability of the remaining provision or any application thereof shall not in any way be affected or impaired thereby.
34. **Counterparts.** This Agreement may be executed in any number of counterparts; each of which shall be an original, but such counterparts together shall constitute one and the same instrument.
35. **Closing Costs.**
 - 35.1. **Utilities.** Seller shall be responsible for all utilities up to and including the Possession Date. Seller must pay trash collection fees. Seller must pay all telephone fees.
 - 35.2. **State Deed Tax.** Upon delivery of the Warranty Deed, Seller shall pay the state deed tax due on the Warranty Deed.
 - 35.3. **Title Insurance.** Buyer shall pay all costs of the Title Company for obtaining the title commitment and the premium required for the issuance of the Title Policy.
 - 35.4. **Closing Fee.** Any fee, other than those fees which have been specifically addressed as set forth in this Purchase Agreement, charged by Seller’s closer or Seller’s chosen Title Company as a closing fee shall be paid by Buyer.

35.5 **Recording Costs.** Seller will pay the cost of recording all documents necessary to place record title in the condition warranted by Seller in this Agreement and Buyer will pay the cost of recording the Warranty Deed and all other documents.

35.6 **Attorney Fees.** Each party shall pay its own attorney fees.

36. **Closing Documents.**

36.1. **Seller Documents At Closing.** At Closing, Seller shall execute and deliver to Buyer the following with such documents to be effective as of the Closing Date:

- (a) A Warranty Deed in form satisfactory to Buyer, conveying the Property to Buyer, free and clear of all encumbrances.
- b) An Affidavit of Title by Seller indicating that on the Closing Date, to Seller's knowledge, there are no rights of first refusal, no options to purchase the Property, no unrecorded leases, no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Property; that there has been no skill, labor or material furnished to the Property for which payment has not been made or for which mechanics' liens could be filed; and that there are no other unrecorded interests in the Property, together with whatever standard owner's affidavit which may be required by Title Company to issue the title policy with the standard exceptions waived.
- c) A Certificate signed by Seller warranting that Seller does not know of any "Wells" on the Property within the meaning of Minn. Stat. § 103I.
- d) Waiver and Release Agreement – Exhibit B;
- e) Escrow and Occupancy Agreement – Exhibit C;
- f) Lead Paint Disclosure – Exhibit D;
- g) All other documents reasonably determined by Buyer to be necessary to transfer the Property to Buyer free and clear of all encumbrances other than Permitted Encumbrances; and
- (h) A certificate stating that all representations and warranties contained in the Agreement are true and correct as of the Date of Closing.

36.2. **Buyer Documents At Closing.** At Closing, Buyer shall execute and deliver to Seller the following documents:

- a) Escrow and Occupancy Agreement – Exhibit C;

- b) Standard Affidavit of Buyer; and
- c) Such other closing documents which the Title Company may reasonably request.

37. **Notice.** Any notice required to be given by Seller to Buyer shall be deemed to have been given on the day of delivery if personally delivered, or if by mail, three (3) days after the date that it is deposited in the United States Mail, postage prepaid, sent by certified mail and addressed as follows:

City of Richfield
Attn: Melissa Poehlman, Asst. Community Development Director
6700 Portland Avenue
Richfield, MN 55423

Any notice required to be given by Buyer to Seller shall be deemed to have been given on the day of delivery if personally delivered, or if by mail, three (3) days after the date that it is deposited in the United States Mail, postage prepaid, sent by certified mail and addressed as follows:

Jeanne Streitz
6701 17th Avenue South
Richfield, MN 55423

38. **No Broker Fees.** Each party represents to the other that it has not retained nor otherwise dealt with or entered into any agreement or understanding to compensate any brokers or finders in connection with this transaction. Buyer and Seller each agree to indemnify the other against any loss, cost or expense, including attorneys' fees, as a result of any claim for a fee or commission asserted by any broker or finder with respect to this Agreement or the consummation of the transactions contemplated hereby whose claim arises through alleged dealings with him or her by such indemnifying party.
39. **Sole Occupant.** Seller represents and warrants to Buyer that, as of the date of this Agreement, Seller is the only occupant of the Property. Seller represents and warrants that, other than Seller, there is no tenant on the Property and that there will be no other tenant on the Property on the Closing Date.
40. **Seller Warranties.** Seller represents and warrants to Buyer that, as of the date of Closing, there are no rights of first refusal on the Property, no options to purchase the Property, no unrecorded leases pertaining to the Property, no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Property; that there has been no skill, labor or material furnished to the Property for which payment has not been made or for which mechanics' liens could be filed; and that there are no other unrecorded interests in the Property.

SELLER:

Jeanne E. Streitz

BUYER:HOUSING AND
REDEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF RICHFIELD

By _____
Its Chair

By _____
Its Executive Director

:

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Real property located in the City of Richfield, County of Hennepin, State of Minnesota legally described as follows:

Lot 16, Block 3, Wexler's Addition, Hennepin County, Minnesota.

Abstract Property

EXHIBIT A-1
LIST OF FIXTURES INCLUDED WITH SALE

Any and all fixtures are included with the sale to the extent owned by Seller and currently located on the Property.

EXHIBIT B
WAIVER AND RELEASE AGREEMENT

WAIVER AND RELEASE AGREEMENT

THIS WAIVER AND RELEASE AGREEMENT (“Agreement”), dated this _____ day of _____, 2018, is entered into by and between Jeanne E. Streitz, a single person, (hereinafter referred to as the “Owner”) and the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic organized under the laws of the State of Minnesota (hereinafter referred to as “HRA”).

I. RECITALS

- 1.01 HRA means the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic organized under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, in the City of Richfield, County of Hennepin, Minnesota.
- 1.02 Owner represents and warrants to Buyer that, as of the date of this Agreement, Owner is the only occupant of the Property. Owner represents and warrants that, other than Owner, there is no tenant on the Property and that there will be no other tenant on the Property on the Closing Date.
- 1.03 Owner owns property in Richfield, Hennepin County, Minnesota identified as Hennepin County Property Tax Identification Number: 26-028-24-41-0095 and legally described on the attached Exhibit A (“Subject Property”).
- 1.04 In consideration of Sixty Two Thousand and no/100 dollars (\$62,000.00), Owner agrees to forever waive, release and covenant not to sue the HRA with respect to any claims that the Seller may have to receive any relocation assistance, relocation services, relocation payments and relocation benefits pursuant to the Uniform Relocation Assistance Act (the “Act”) or under Minnesota Statute Chapter 117 or any other provisions of federal or state law with respect to the Property and/or the sale of the Property as provided in the Purchase Agreement of even date herewith. Prior to any action by the HRA indicating intent to acquire the Subject Property, Owner requested that HRA acquire the Subject Property through negotiation. Owner clearly intended to sell the Subject Property on the public market prior to any inquiry or action by the HRA in this matter.
- 1.05 Owner is eligible under the Act and/or Minnesota Statutes Chapter 117 for relocation assistance, relocation services, relocation payments, and relocation benefits as separately listed below:

Type of Relocation Owner may be eligible for:

Relocation Assistance: Assistance in locating and moving residents to a replacement site, Coordination of the move and filing appropriate documents for relocation claim.

Relocation Services: Provide comparable properties for possible replacement sites, Transportation to properties if needed, performs D.S.S. inspections, calculation of relocation payments, and review of documentation and written relocation claim.

Relocation Payments:	Estimated Price differential payment	\$ 42,000.00
	Estimated Moving costs	\$ 15,000.00
	Estimated Closing costs	<u>\$ 5,000.00</u>
	Total:	\$ 62,000.00

Relocation

Benefits: Relocation benefits would include all of the above. **(Relocation Assistance, Relocation Services and Relocation Payments).**

1.06 Owner specifically represents and agrees that they are entering into this Agreement voluntarily. Owner further agrees that prior to execution of this Agreement, Steven Carlson of Evergreen Land Services Company, representing the HRA, explained the contents of this Agreement and relocation guidebook.

NOW, THEREFORE, in consideration of Sixty Two Thousand and no/100 dollars (\$62,000.00) paid by HRA as provided in the Purchase Agreement and of the above recitals, the premises, and their mutual promises, the parties hereto hereby agree as follows:

II. AGREEMENT

2.01 The above Recitals are hereby incorporated into this Assignment in full and form an integral part hereof.

2.02 Owner, for good and valuable consideration of Sixty Two Thousand and no/100 dollars (\$62,000.00), the receipt and sufficiency of which is hereby acknowledged, hereby forever waives, releases and covenants not to sue the HRA with respect to any claims that the Seller may have to receive any relocation assistance, relocation services, relocation payments and relocation benefits pursuant to the Act or under Minnesota Statute Chapter 117 or any other provisions of federal or state law with respect to the Property and/or the sale of the Property as provided in the Purchase Agreement of even date herewith.

- 2.03 The recitals contained in Section I of this Agreement are hereby incorporated as material representations and terms of this Agreement.
- 2.04 This Agreement is entered into pursuant to Minnesota Statutes and federal law.

[Remainder of page intentionally left blank]

SELLER:

Jeanne E. Streitz

BUYER:HOUSING AND
REDEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF RICHFIELD

By _____
Its Chair

By _____
Its Executive Director

By: _____
Julie Eddington,
Attorney for the HRA

EXHIBIT A TO WAIVER AND RELEASE AGREEMENT
LEGAL DESCRIPTION OF SUBJECT PROPERTY

Real property located in the City of Richfield, County of Hennepin, State of Minnesota legally described as follows:

Lot 16, Block 3, Wexler's Addition, Hennepin County, Minnesota.

Abstract Property

EXHIBIT C
ESCROW AND OCCUPANCY AGREEMENT

ESCROW AND OCCUPANCY AGREEMENT

THIS OCCUPANCY AGREEMENT entered into this _____ day of _____, 2018, by and between Jeanne E. Streitz, a single person (hereinafter referred to as the "Seller") and the Housing and Redevelopment Authority in and for the City of Richfield, a municipal corporation organized under the laws of the State of Minnesota (hereinafter referred to as "Buyer"). All capitalized terms not defined herein shall have the meaning provided such term in the Purchase Agreement (as defined herein).

RECITALS

1. Seller and Buyer have entered into a Purchase Agreement for the sale of 6701 17th Avenue South, Richfield, MN 55423 [Hennepin County Property Identification Number Tax No. 26-028-24-41-0095] ("Subject Property") dated _____, 2018 the ("Purchase Agreement")
2. The Purchase Agreement provides for delivery of possession of the Subject Property on the Possession Date.
3. The parties desire to close the sale of the Subject Property on _____, 2018, with the Seller delivering possession of the Subject Property on April 1, 2019.

AGREEMENT

The parties agree as follows:

1. Delivery of Possession. Seller shall deliver possession of the property to Buyer no later than April 1, 2019 ("Possession Date").
2. Rent. Seller may occupy the Subject Property until April 1, 2019 without payment of rent to Buyer.
3. No Damage. Seller agrees not to cause damage to the Subject Property or to any structure located on the Subject Property and agree to deliver possession of the Subject Property to the Buyer in substantially the same condition as existed on the Date of Closing. Seller agrees that on or prior to the Possession Date, the Excluded Items, all personal property, furnishings, rubbish, debris, and other materials shall be removed from the Subject Property by the Seller at the Seller's expense as provided in Section 2 of the Purchase Agreement. On the Possession Date, Seller shall deliver to Buyer exclusive vacant possession of the Subject Property. The condition of the Subject Property shall be verified by the Buyer or the Buyer's representative on the Date of Possession. Seller agrees that

following the Possession Date, Buyer may dispose of any trash or personal property remaining on the Subject Property, in Buyer's sole discretion, and that any such items shall, after the Possession Date, be considered abandoned. If the Seller fails to remove the items set forth in this Section on or prior to the Possession Date, the Buyer may remove the same and charge the Seller for the removal cost. Seller shall indemnify Buyer for a period of one (1) year with regard to claims of conversion brought with respect to personal property present on the Subject Property on the Possession Date. The inside of the building must be delivered by Seller in "swept clean" condition on the Possession Date.

4. Utility Bills. Seller agrees to pay for all utility services to the Subject Property through the last day of occupancy. Utility services include the following: sewer and water, electricity, gas, telephone, garbage collection and cable television.
5. Insurance. Seller agrees to obtain comprehensive personal liability insurance coverage in the amount of \$500,000 naming the Buyer and the City of Richfield as an additional insured parties. The policy must be kept in force through the last date of occupancy of the Subject Property. Seller is required to show Buyer proof of insurance. Proof of insurance may be in the form of a Certificate of Insurance (ACORD form).
6. Uninsured Damages. Seller is responsible for any and all damages that may occur to the Property before the last date of occupancy that are not covered by insurance.
7. Removal of Personal Property. Seller is responsible for the removal of all personal belongings from the Subject Property in accordance with the terms stated in the Purchase Agreement before the delivery of possession of the Subject Property to the Buyer.
8. Escrow.
 - (a) Upon closing and execution of this Agreement, Seller agrees to deposit into escrow the sum of **\$2,000.00** (the "Escrowed Funds") from the purchase price, to be held by Agent in a non-interest bearing account.
 - (b) Within 7 days after requested by Agent, Buyer shall provide to Agent (with copy to Seller) evidence of expenses incurred for the removal and disposal of personal property and for payment of utility charges for services provided to the Subject Property prior to date of possession, if any. Agent shall reimburse Buyer for the incurred expenses from the Escrowed Funds within 7 days following receipt of such evidence from Buyer.
 - (c) Agent shall deliver to Seller the balance of the Escrowed Funds on deposit, less deductions provided for in paragraph 6 (b) above, no later than 30 days following vacation of the Subject Property by Occupant.
9. Escrow Agent Liability. The sole duties of Escrow Agent shall be those described herein, and Escrow Agent shall be under no obligation to determine whether the other parties

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

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

Buyer: Housing and Redevelopment Authority in and for the City of Richfield
 Attn: Melissa Poehlman, Asst. Community Development Director
 6700 Portland Avenue
 Richfield, MN 55423

Seller: Jeanne E. Streitz
 6701 17th Avenue South
 Richfield, MN 55423

Agent: Julie Eddington
 Catherine Rocklitz
 Kennedy & Graven, Chartered
 470 US Bank Plaza
 200 South Sixth Street
 Minneapolis, MN 55402

OWNER:
JEANNE E. STREITZ

Jeanne E. Streit

BUYER:
HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
RICHFIELD

By: _____
_____, Chair

By: _____
Elizabeth VanHoose, City Clerk

EXHIBIT D
LEAD PAINT DISCLOSURE FORM

LEAD PAINT ADDENDUM FOR HOUSING CONSTRUCTED BEFORE 1978

© Copyright 2008 Minnesota State Bar Association, Minneapolis, Minnesota. (Use only with "Minnesota Standard Residential Purchase Agreement," Minnesota State Bar Association 2008.)

1 This addendum is a continuation of the Purchase Agreement dated _____ by and
2 between _____, as Sellers, and
3 City of Inver Grove Heights Economic Development Authority _____, as Buyers,
4 for property located at or described as _____.
5 _____
6 _____

LEAD WARNING STATEMENT

7
8
9 *Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.*

LEAD PAINT INSPECTION CONTINGENCY

10 Buyer shall have 10 days from the signing of this Agreement to conduct a risk assessment or inspection for the presence of lead-based paint and lead-based paint hazards and to give seller the inspection or risk assessment report and a list of repairs required by buyer to correct problems set out in the report. (Intact lead-based paint that is in good condition is not necessarily a hazard. See EPA pamphlet [Protect Your Family From Lead in Your Home](#) for more information.)

11 If the report discloses problems seller shall have seven (7) days after receipt of the report and list to elect in writing whether to correct the problems prior to closing.

12 If seller elects to make the corrections, seller shall provide buyer prior to closing with certification from a risk assessor or inspection demonstrating that the problems have been corrected.

13 If seller does not elect to make the corrections, buyer shall have three (3) days to elect to take the property in its "as is" condition as to problems set out in the report, or this purchase agreement is void.

14 Buyer may waive in writing the rights contained in this contingency at any time.

Seller's Disclosure

(a) Presence of lead-based paint or lead-based paint hazards (check (i) or (ii) below):

(i) lead-based paint or lead-based paint hazards are present in the housing (explain):

(ii) Seller has no knowledge of lead-based paint or lead-based paint hazards in the housing.

(b) Records and reports available to seller (check (i) or (ii) below):

(i) Seller has provided buyer with all records and reports in seller's possession or reasonably obtainable by seller pertaining to lead-based paint and lead-based paint hazards in the housing (list documents below).

(ii) Seller has no reports or records pertaining to lead-based paint or lead-based paint hazards in the housing.

Buyer's Acknowledgment (initial)

(c) _____ Buyer has received copies of all information listed at (b)(i) above.

(d) _____ Buyer has received the pamphlet, [Protect Your Family from Lead in Your Home](#), an EPA publication available at www.epa.gov/lead/pubs/leadpdf.pdf.

(e) _____ Buyer has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and lead-based paint hazards;

or,
(ii) _____ waives the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and lead-based paint hazards.

Agent's Acknowledgment (initial)

(f) _____ Agent has informed seller of seller's obligations under 42 U.S.C. 4852d and is aware of agent's responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	date	_____ Purchaser	date
_____ Seller	date	_____ Purchaser	date
_____ Listing broker / agent	date	_____ Selling broker / agent	date



STAFF REPORT NO. 48
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
11/19/2018

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

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
11/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
11/15/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of revisions to the First Time Homebuyer Program Guidelines.

EXECUTIVE SUMMARY:

The First Time Homebuyer Program (Program) Guidelines were approved by the Housing and Redevelopment Authority (HRA) in July of 2018. In August and September, city staff began working with other organizations, as part of the marketing effort, and in the process received additional feedback to improve the Program. Some revisions are to ensure regulations are met and that the loans can be layered with other state funding sources. Other revisions are clarifications to make the Program more user-friendly for both applicants and lenders.

The recommended changes to the Program guidelines include:

- Addition of Environmental Review Addendum to purchase agreements.
- Clarification of lead based paint procedures.
- Simplifying the income verification process.
- Updated references from the U.S. Department of Housing and Urban Development guidelines.
- Addition of "Post Approval Process" section.

RECOMMENDED ACTION:

By motion: Approve the recommended revisions to the First Time Homebuyer Program Guidelines.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The First Time Homebuyer Program Guidelines were initially approved by the HRA in July of 2018.
- In 2017 and again in 2018, the Star Tribune listed Richfield as the hottest housing market in the Twin Cities. This measure was based on price, time on the market, seller discounts and the number of short-sales/foreclosures in the community. These factors have led to a low inventory of houses for sale and rising home prices, making it difficult for low and moderate income households to afford a home in Richfield.
- Over the years, various HRA programs have been available to assist first time homebuyers with rehabilitation of their new homes and low income buyers to purchase homes. Richfield has never

previously administered a First Time Homebuyer Program.

- The demand for down payment assistance is great, as homebuyers struggle to meet rising home prices without taxing their monthly spending.
- Staff began discussions about the potential Program in 2017 and has since met with various stakeholders and partners to discuss the Program guidelines and administration.

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

- It is the HRA's policy to provide homeownership opportunities to households of a variety of income levels.
- In 2013, the Richfield HRA adopted a Housing Visioning Statement that states: "*Richfield is a sustainable community that is known for its strong, vibrant and eclectic, amenity-rich neighborhoods supported by a full range and balance of housing types that match the choices of its diverse residents at every stage of their lives.*"
 - The Housing Visioning Task Force explained that the phrase "match the choices of its diverse residents at every stage of their lives" to mean: "*that the City has what residents want, not just what they have to adapt to. The Task Force supports a broad definition of diversity. These varied housing offerings mean that residents can stay in the community their whole lives and find housing that meets their needs and their preferences.*"
- All Community Development Block Grant (CDBG) funded activities must meet one of three national objectives: benefiting low and moderate income persons, preventing or eliminating slums and/or blight, or meet an urgent need. In addition, activities must be consistent with priorities identified in the County's Consolidated Plan. Those priorities include a variety of housing activities such as housing rehabilitation, preserving and creating homeownership opportunities, public services to maintain or increase self-sufficiency, and neighborhood revitalization activities.

C. CRITICAL TIMING ISSUES:

- The revisions are needed in order to meet federal regulations and to ensure that the loans can be layered with other state funding sources.

D. FINANCIAL IMPACT:

- No revisions have a financial impact on the Program.
- For FFY 2018, \$50,000 has been budgeted for the Program.
- The funding source for the Program is federally-funded CDBG, which Richfield receives as part of the Consolidated Pool through Hennepin County.
- The Richfield City Council approved the CDBG allocation on February 13, 2018. Funds can be spent beginning on July 1, 2018.
- Funds will be distributed in the form of a no-interest loan to buyers that will be forgiven on a pro-rated basis over ten years.
- The maximum individual loan amount is \$10,000.
- If the full amount of funding is not expended within the required time period, it can be moved to the Richfield Deferred Loan Program, which provides rehabilitation loans for low and moderate-income households in Richfield.

E. LEGAL CONSIDERATION:

- The HRA Attorney has reviewed the Program guidelines.

ALTERNATIVE RECOMMENDATION(S):

- The HRA may choose to not approve the recommended revisions to the First Time Homebuyer Program Guidelines.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
☐ First Time Homebuyer Guidelines - Revised	Cover Memo

**City of Richfield
First Time Homebuyer Program**

Part I: GENERAL PROGRAM DESCRIPTION

Program Overview

The Richfield Housing and Redevelopment Authority (HRA) offers a financial assistance program for homeownership funded by the City of Richfield’s Community Development Block Grant (CDBG) program. The First Time Homebuyer Program provides financial assistance for low and moderate income households to become homeowners.

Administration of the First Time Homebuyer Program and the functions and responsibilities of the HRA staff shall be in compliance with the U.S. Department of Housing and Urban Development (HUD) CDBG regulations as well as all Federal, State and local nondiscrimination laws and with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment.

No family or individual shall be denied the equal opportunity to apply for or receive assistance under the First Time Homebuyer Program on the basis of race, color, gender, religion, creed, national origin, age, familial or marital status, handicap or disability, sexual orientation or reliance on public assistance.

The HRA office is accessible to persons with disabilities. Accessibility for the hearing impaired is provided by the Minnesota Relay Service and the City of Richfield.

Program Goals

The First Time Homebuyer Program has the following two goals:

- a. Assist low and moderate income families who rent in Richfield to purchase homes within the City of Richfield by providing assistance with down payment, closing costs and mortgage principle reduction.
- b. Promote responsible home ownership

Program Administration

The Program will be administered through the HRA. Interested applicants should contact HRA staff by calling 612-861-9778.

Data Privacy

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

Purpose of the Program Guidelines

The purpose of these guidelines is to establish policies for carrying out the First Time Homebuyer Program in a manner consistent with HUD requirements and local goals and objectives contained in the City of Richfield’s Consolidated Plan and Annual Action Plans. The HRA is responsible for complying with

all changes in HUD regulations pertaining to the CDBG program. If such changes conflict with these guidelines, HUD regulations will have precedence. Application regulations include:

- ~~24 CFR Part 5: General Program Requirements~~
- 24 CFR Part 8: Nondiscrimination
- 24 CFR Part 570: Community Development Block Grant
- 24 CFR Part 35: Lead Based Paint Regulations

PART II: PROGRAM POLICIES

Financial Assistance

The financial assistance is in the form of a loan of up to \$10,000, but no more than 10% of the purchase price. There is no interest on the loan, and no payments are required. The loan is forgiven on a pro-rated basis of 10% each year and is fully forgiven after 10 years. If the home is sold, the title transferred, or no longer owner occupied, within the first 10 years after the purchase date, then the remaining pro-rated amount will be become due.

The Financial Assistance may be used to:

- Pay up to 50% of the amount the homebuyer is required to provide toward the down payment under the particular mortgage program they are utilizing, ~~not to exceed \$5,000. The homebuyer must contribute the remaining 50% using their own funds. The Hhomebuyers must contribute a minimum investment is of \$1,000 of their own funds towards the downpayment.~~
- Pay up to 100% of the homebuyer's eligible closing costs ~~not to exceed \$5,000~~. Borrowers are ~~not~~ permitted to use program funds for interest rate buy downs ~~if unless~~ documentation is provided from the lender that shows the buy down is necessary to secure their primary mortgage. ~~Eligible closing costs do not include optional insurances (i.e. optional owner's insurance policy, etc.).~~
- Reduce the mortgage principal up to 10% of the purchase price, ~~up to to a maximum of \$120,000~~. The applicant(s) housing ~~ratio Debt to Income Ratio (DTI)~~ must be at least 25%, but cannot exceed 35% of their gross monthly qualifying income. The housing ~~DTI ratio~~ is calculated using the current year's projected income. Under certain circumstances, the HRA Executive Director may allow the DTI to exceed 35%.

The financial assistance will be provided at a minimum amount of \$3,000.00 and a maximum amount of \$10,000.00. In certain situations, the HRA Executive Director may allow assistance in excess of the maximum at their discretion. The HRA Staff will ~~make a determination on the amount of assistance an applicant qualifies for. That determination will be based upon a~~ review ~~of~~ the applicant's verified income and assets, estimated closing costs, purchase agreement, and lender's recommendations for financial assistance in compliance with uses described above. Lenders must provide a pre-approval letter indicating the maximum amount of financing the borrower would qualify for from the first mortgage lender.

The HRA will verify an applicant's income and assets through ~~third party~~ written verifications as provided by either the lender or by the ~~applicant~~HRA. The HRA ~~S~~staff may re-verify income and asset

information provided by the lender. The HRA will calculate the applicant's gross annual income using paystubs and recent tax returns or ~~other qualifying third-party~~ verification as determined by HRA staff defined in Appendix A to ensure the applicant(s) qualifies as a low or moderate income household as required by CDBG regulations and to determine the maximum amount of assistance.

Financial assistance will be provided at the time of closing on the property with the following conditions:

- Selected applicants must meet the requirements of the program and be eligible for the financial assistance throughout the entire application process.
- The housing unit to be purchased and the purchase price must be accepted by the HRA as meeting the intent and requirements of the program.
- The financial assistance provided by the program is in the form of a no-interest loan that is forgiven 10 years from the initial purchase date. If the house is sold, transferred or no longer the primary place of residence within that 10 year period, the loan will be repaid on a pro-rated basis.
- The homebuyers must enter into a second mortgage and execute a Repayment Agreement with the HRA providing for repayment of the indebtedness 10 years from the initial purchase date or when the house is sold, transferred or no longer the primary place of residence, whichever occurs first.

Responsibilities of the First Time Homebuyer

The responsibilities of the prospective homebuyers are to:

- Obtain mortgage pre-qualification from a Minnesota Housing approved lender
- Submit a pre-application and mortgage pre-qualification to the HRA
- Complete, sign and return the full application packet, authorization for release of information form, and other certification and verification forms within the time frame specified.
- Register and attend the Home Stretch or Framework – Homebuyers workshop such as those offered by Community Action Partnership of Hennepin County (CAP-HC), Neighborhood Development Alliance (NeDA), NeighborWorks Home Partners, or PRG Inc. More information about homebuyer education can be found online at: <http://www.hocmn.org/buyingahome/homebuyer-education/>. Classes must have been completed within 12 months prior to closing. The applicant will be provided with a certificate of attendance. A copy of this certificate should be forwarded to the lender and the HRA. ~~Applicants may be required to attend an individual counseling session with a housing counselor at one of the agencies listed above. If the financial counselor recommends that the applicant is not ready to purchase a home, the HRA may not provide assistance until the applicant has satisfied staff concerns.~~
- Select a real estate agent, if one is desired.
- Select a dwelling in Richfield for purchase that is owner-occupied or vacant and is an eligible dwelling under the program.

- Provide information throughout the process as required by the lender or the HRA staff.
- Execute a purchase agreement that includes the Environmental Review addendum supplied by the HRA, and any subsequent Amendments.
- Execute the lender's mortgage and related documents.
- Execute the HRA's Mortgage, Loan Agreement and Promissory Note.
- Close on the property within the time frame specified in the Purchase Agreement.
- Execute other required forms within the time frame specified or required.
- Take occupancy of the dwelling within 30 days after closing, homestead the property, and continue to occupy the dwelling as a Principal Place of Residence.
- Make principal, interest, property tax and insurance payments as required.
- Reimburse the HRA in accordance with the HRA's Mortgage, Loan Agreement, and Promissory Note should the First Time Homebuyer trigger repayment through sale, moving, transfer of ownership or foreclosure within 10 years or default on any other terms of these documents.

Responsibilities of the Lender

The lender must:

- Verify the prospective homebuyer's income and assets to determine that they meet the requirements of the program and submit a copy of the verification to the HRA. These copies must be submitted to the HRA as part of a completed application.
- Compute the Mortgage, Down Payment, Mortgage payments and Closing Costs of Acceptable Loans approved by the Program to determine the most cost-effective and appropriate form of financing for the First Time Homebuyer to use.
- Provide a title search and review the documents.
- Provide the HRA with a pre-approval letter stating the maximum mortgage amount the applicant is approved for.
- Provide the HRA other verification materials as requested by the HRA.
- Process a mortgage consistent with the Program.
- Meet all deadlines in a timely fashion, especially those that relate to the Closing. **All documents must be completed at least 10 days prior to the Closing and be delivered to the HRA at least seven days before the Closing.**
- Appraise property to determine the loan-to-value ratio. Provide copy to the HRA.

Responsibilities of the HRA

The responsibilities of the HRA for the Program are to:

- Establish Program requirements and administer the Program.
- Send applicants the application form, the authorization for release of information form and other certification and verification forms.
- Review the Application and other material for eligibility.
- Establish the initial eligibility of participants via the information provided in the pre-application process. Full approval will be determined upon completion and submission of a full application and supporting documents.
- Notify applicants when ineligible.
- Direct prospective buyers to register for the homebuyer workshops and provide information and forms related to the Program.
- Provide liaison services involving the prospective buyer, lender and any real estate agent that might be involved in the transaction.
- Review appraisal, purchase agreement, eligibility and mortgage for consistency with the Program requirements.
- Prepare and execute the HRA Mortgage, Loan Agreement, and Promissory Note.
- Provide financial assistance according to Program guidelines to the applicant at the time of Closing.
- Service the HRA Mortgage, Loan Agreement, and Promissory Note.
- Modify or terminate the Program as may be appropriate or required.

Pre-Application Process

At the time of application, applicants must provide the HRA with the following information and meet the eligibility requirements:

- Names and ages of all household members **who will occupy the property purchased.**
- Address and telephone numbers
- Total gross annual income ~~documentation from all sources (i.e. employment, social security income, child support, etc.)~~.
- Lease start and end dates
- Letter from lender indicating the amount of a home loan for which applicant is pre-qualified
- Authorization for release of information/**data privacy signed by all adults in the household.**

The information listed above will provide the HRA sufficient information to determine if the applicant is eligible for the Program. The pre-application must be submitted prior to the execution of a purchase agreement. Applicants will be notified if they are eligible or ineligible based on the information provided in the pre-application.

It is the responsibility of each applicant to ensure that the information is correct and that the HRA receives his or her application. ~~Only pre-applications with original signatures will be accepted.~~

Supporting Documentation

Eligible applicants will be required to submit the following supporting documentation. Some items may be waived by the HRA Executive Director if not applicable and additional documentation may be requested:

- Authorized Purchase Agreement on a home in Richfield (must include Environmental Review Addendum supplied by HRA staff after Pre-Application is reviewed)
- ~~Three months of pP~~ay stubs for all household members earning income.
- ~~Two years of tT~~ax returns stubs for all household members earning income.
- ~~Three months of bB~~ank statements, financial statements and all other document(s) that verify gross assets.
- Copy of current lease.
- ~~Last three pP~~revious addresses.
- Proof of completion of an approved homebuyer workshop.

Summary of the Application Process

If the applicant qualifies to apply for the Program, the ~~application applicant~~ should proceed with the application process, which includes:

- The applicant selects a participating lender and applies for mortgage pre-approval.
- The applicant completes and submits to the HRA: (i) a First Time Homebuyer application; (ii) authorization form for release of information to the HRA ; and (iii) a mortgage pre-approval letter from the lender.
- The applicant is notified by the HRA whether or not they are eligible for the Program based on the information provided.
- The applicant registers for and attends the homebuyer workshop series.
- The applicant searches for a home in Richfield.
- The applicant enters into a Purchase Agreement that includes the Environmental Review Addendum provided by the HRA and contacts the lender.

- The lender authorizes appraisal of home.
- The lender confirms applicant's mortgage eligibility and approves purchase.
- The applicant contacts the HRA with supporting documentation.
- The HRA confirms any/all lead-based paint hazards have been investigated and remediated prior to closing. conducts an initial lead-based paint hazard inspection of the property, if the dwelling was built prior to 1978. If evidence of lead-based paint is found on the property, a formal Lead Assessment will be ordered with a licensed Lead Risk Assessor. See Lead Based Paint Hazard Requirements under Part Three of the guidelines for more information.
- The HRA reviews appraisal, Purchase Agreement, Loan Estimate, and eligibility verification for consistency with program goals and requirements.
- The HRA issues an approval letter or denial letter to applicant.
- If approved, an Environmental Review is completed on the property by the HRA.
- The HRA prepares the closing documents required by the City's First Time Homebuyer Program Guidelines.

Post Approval Process

After receiving the application and all of the supplemental documentation, the following procedures shall apply:

- If the application meets the program requirements, the loan funds (not to exceed \$10,000) will be reserved for the applicant and brought to the closing.
- The HRA loan closing will occur in conjunction with the transfer of property closing. The HRA will provide the full amount of the loan (\$10,000), payable to the Buyer AND the Title Company conducting the closing.
- HRA staff will make its best effort to attend the closing. If HRA staff is unable to attend the closing, the loan closing or title insurance company conducting the loan closing will be responsible for recording the HRA's mortgage. The purchaser will pay the filing fee. If HRA staff has not attended the closing, the title company must provide Richfield staff with a copy of the first mortgage executed and filed, as well as an executed Promissory Note, Errors and Omissions Acknowledgement Agreement, and Certificate and Request for Notice: Foreclosure. These documents must be executed prior to any loan disbursement.
 - A lien will be placed against the Property by the HRA for the full loan amount through the Mortgage Deed.
 - The Mortgage is subject to Mortgage Registration Tax; the Buyer is responsible for the payment.
 - The Note may not be assigned or pledged.
- HRA staff will provide homeowners with a copy of their loan documents, along with information regarding loan subordinations and servicing.

Eligibility Requirements

To be eligible to participate in the Program, the applicant must meet the following requirements at the time of application and throughout the process up until Closing.

- Must be a current renter in Richfield with verifiable lease and proof of rent paid, showing at least 6 months tenancy in Richfield.
 - Must have no prior home ownership in the past 3 years (unless displaced due to divorce).
 - Must be a U.S. citizen or have legal immigration status.
 - Must be a First Time Homebuyer, as defined in Appendix A.
- Must not have a Gross annual Income that exceeds the maximum income limits which are revised annually to reflect the current year's CDBG maximum income limits. Income is calculated using prior year tax returns and verified by most recent paystubs. For information on calculating income, please contact a Richfield Housing Specialist.

<u>FY 2018 CDBG Income Limits</u>	
Calculated as 80% of the Area Median Income. Source: https://www.hudexchange.info/resource/5334/cdbg-income-limits/	
<u>Household Size</u>	<u>Household Income Limit</u>
<u>1 Person Household</u>	<u>\$50,350</u>
<u>2 Person Household</u>	<u>\$57,550</u>
<u>3 Person Household</u>	<u>\$64,750</u>
<u>4 Person Household</u>	<u>\$71,900</u>
<u>5 Person Household</u>	<u>\$77,700</u>
<u>6 Person Household</u>	<u>\$83,450</u>
<u>7 Person Household</u>	<u>\$89,200</u>
<u>8 Person Household</u>	<u>\$94,950</u>

- Must not have Gross Assets exceeding \$25,000, **excluding retirement savings.**
- Borrowers are required to invest at least \$1,000.00 of their own monies towards the purchase price of the home. **Funds from public program(s) cannot be used as part of the Homebuyers portion of the down payment.**
- Must meet the requirements of a Lender and qualify for a first mortgage.

- **Loan must be a fixed rate, prime loan. No adjustable rate or balloon mortgages.**
- Must fulfill the Program obligations in a timely manner and must remain eligible to participate based on the program requirements and those of the lender through the time of Closing.
- Must not have a previous loan through the HRA that ended in foreclosure or any other loan that ended in foreclosure within the previous five years.
- Must not buy dwelling with a contract for deed.
- Must meet the requirements as specified elsewhere in these First Time Homebuyer Program Guidelines.

Denial of Eligibility

The HRA will review and verify all applications for eligibility. Those applicants not meeting the eligibility requirements will be sent a written notice explaining the reason(s) for denial of program participation.

Appeals regarding interpretation of eligibility requirements may be made in writing to the HRA Executive Director, and then to the Director of Community Development and then to the City Manager, and then to the HRA Board. Appeals that clearly do not meet eligibility requirements will not be considered.

Eligible Dwellings

To be eligible the property must meet the following requirements:

- Be located within the City of Richfield.
- Be a single-family dwelling, a townhouse unit, duplex or a condominium unit that is vacant or owner occupied.- No renters can be displaced at the time of purchase.
- Be a conforming use as defined by the Richfield Zoning Ordinance.
- Be in full compliance with the City of Richfield’s Point of Sale Program. (Ordinance Section 408.01). All corrections must be addressed according to the Point of Sale Program requirements, either prior to sale or via escrow with the City of Richfield. More information found at: <http://www.richfieldmn.gov/pos>.
- Be free of lead-based paint hazards at the time of Closing. See page 11 for more detailed information regarding lead-based paint hazards.

~~The HRA may require an inspection of the dwelling for compliance with the Richfield Housing Code. The HRA will require an inspection of all dwellings built prior to 1978 for compliance with HUD’s lead-based paint hazard regulations.~~

Applicant Outreach

The HRA will publicize and disseminate information to make known the availability of homeownership assistance on a regular basis through a variety of media and other suitable means. The availability of assistance will be communicated to other services providers, realtors, and lenders in the community and advise them of the guidelines so that they can make proper referrals for the Program. Realtors and

lenders will be encouraged to provide additional services to eligible clients to ensure their successful utilization of the program.

Applicant Pool

The applicant pool for the Program shall consist of all those who have completed and returned to the HRA a pre-application form, written verification from their lender of pre-approval, and who have acknowledged that they will meet the eligibility requirements.

Funds will be available to the applicant pool on a first come, first serve basis. Eligible applicants will be approved for funding when they or their lender notify the HRA of the applicant's approved purchase agreement and the full application packet is completed and returned. If funding is limited and more than one applicant is at the purchasing stage, the HRA will provide funding to the applicant who qualifies for the most preference points. For updated program information, including the status of annual funding for the program, please refer to <http://www.richfieldmn.gov/downpayment>.

Preference points have been established to meet the goals of the HRA. Each preference category is worth one (1) point. The maximum points any one household could receive are five (5) points. Households with the highest point totals will be selected first. In the event of a tie, a drawing or lottery will be held to rank the applicants within each of the preference categories.

- Applicant with dependents under age 18
- Applicant has lived in Richfield longer than 6 months prior to Closing
- Head or co-head of household has primary, longer-term employment in Richfield
- Applicant currently participates in Richfield's Kids @ Home Program
- Applicant has never owned a home (versus having owned a home over three years ago)

Approval from the applicant pool is tentative and conditional. Families selected for participation must fulfill the Program obligations in a timely manner and must remain eligible to participate based on the Program requirements and those of the lender through the time of Closing.

Lender Outreach

The HRA will solicit lender participation as needed. The HRA will review requests from lenders to be approved as a participating lender of the First Time Homebuyer Program. The lenders must be **FHA and** Minnesota Housing approved and exhibit a willingness to provide mortgage products to low and moderate income households.

PART III: PROGRAM RULES

Lenders

All lenders must be approved by Minnesota Housing. Find a lender here: <http://www.mnhousing.gov/>. Lenders and their representatives must also be willing to participate in the Richfield First Time Homebuyer Program. Applicants should ask the lender if they have received the City's First Time Homebuyer Program Guidelines and if they are familiar with the process. It is the applicant's

responsibility to make arrangements for obtaining pre-qualification or pre-indication of approval and for making an application for a mortgage. **A letter from the lender indicating the amount of the mortgage for which the applicant pre-qualifies must be provided with each pre-application.** The same lender must be used when the applicant goes for pre-approval of a mortgage prior to the purchase of a home, so it is recommended that the applicant selects the lender carefully.

Lead Based Paint Hazard Requirements

All applicants purchasing a dwelling built prior to 1978 will be provided with a lead based paint brochure and must sign a certification of receipt of the brochure.

The HRA will require an inspection of all dwellings built prior to 1978 for compliance with HUD's lead-based paint hazard regulations. This inspection- is performed during the City of Richfield's standard Point of Sale Inspection.

~~As a condition of funding, the applicant will be required to purchase a home free of Lead Based Paint (LBP) hazards. If the dwelling was built prior to 1978 a visual assessment for deteriorated paint will be done by City staff. Applicants will be informed that the inspection is only to determine the presence of deteriorated paint and they may also want to obtain a complete Home Inspection from a certified Home Inspector.~~

~~If deteriorated paint is found, the HRA will contract with a certified Risk Assessor to perform the necessary tests to determine if there is a lead hazard risk. A copy of a clean Lead Risk Assessment report must be submitted to the HRA before the home is approved for assistance. If the applicant refuses, the property will not be eligible for assistance. The applicant will need to find another house that is or will be made LBP risk free in order to qualify for assistance.~~

If LBP risks are found, stabilization of the defective paint, cleanup and clearance will be required before funds are approved for assistance at closing. The presence of LBP risks should be treated like any other defect found during an inspection and may be negotiated between buyer and seller. Clearance will be required before the home can be safely occupied and will assure that there are no remaining lead hazards. If the selling party is unwilling to address the LBP hazards, the property will not be eligible for assistance. The applicant will need to find another house that is or will be made LBP risk free in order to qualify for assistance.

Repayment of Assistance

Repayment of the down payment assistance loan shall occur upon the earliest of:

- Sale or transfer
- The property ceases for any reason to be the homebuyer's principal place of residence.
- Default on the mortgage with the HRA or any superior mortgage on the property.

Repayment of the loan shall be pro-rated, with the principal amount due reduced by 10% for each year of the homeowner's tenancy in their Richfield home, as established by the loan date on the filed mortgage with the HRA.

AGE OF LOAN	AMOUNT OF PRINCIPAL LOAN AMOUNT DUE
0 - 1 year	100 % of principal loan amount due
1 - 2 year	90% of principal loan amount due
2 - 3 years	80% of principal loan amount due
3 - 4 years	70% of principal loan amount due
4 - 5 years	60% of principal loan amount due
5 - 6 years	50% of principal loan amount due
6 - 7 years	40% of principal loan amount due
7 - 8 years	30% of principal loan amount due
8 - 9 years	20% of principal loan amount due
9 - 10 years	10% of principal loan amount due
10+ years	0% due, Loan Fully forgiven

When a loan made by the HRA is paid in full or forgiven, a document satisfying the lien will be prepared by the HRA, executed by the Executive Director or his or her delegate and delivered to the borrower for recording. The borrower is responsible for the cost of recording the satisfaction. [Contact a Richfield Housing Specialist for more information about repayment of an HRA loan \(612-861-9778\).](#)

Subordination of Mortgages

Richfield Housing and Redevelopment Authority (HRA) loan recipients requesting subordination of the interest of the HRA in real property must submit a Subordination Request Form, the required supporting documentation, and a processing fee. Forms are available on the City of Richfield website (www.cityofrichfield.org/richfieldmn.gov) or by calling the Community Development Department at 612-861-9760. Requests will not be considered until all documents and the processing fee have been received.

The following information must be submitted with the Subordination Request Form:

1. A typed letter dated and signed by the mortgagor, stating the reason for the requested subordination and the use of any equity being removed as part of the loan transaction.
2. A copy of the current appraisal (dated within six months of application) or other evidence of market value of the property that is acceptable to the HRA.
3. A copy of current title work (must indicate all debt against the property).
4. Explanation of remaining debts or liens with supporting documentation (i.e. most recent mortgage bill).
5. Estimated closing costs/settlement statement, where applicable.
6. A copy of the mortgagor's loan application.
7. Additional documentation may be required.

The HRA will subordinate its mortgage interest if all of the following conditions are met, to the extent that they are applicable:

1. Closing costs are reasonable. Generally this shall mean that the sum of all discount points, origination fees, and lender ancillary fees generally shall not exceed 3% of the new first mortgage amount.
2. If the HRA believes that the payment terms of the refinance are within the financial means of the borrower.
3. The total debt secured by the property, including the HRA lien and all superior mortgages, does not exceed 80% of the documented market value of the property.
4. Any equity being removed beyond the cost of the loan transaction will be used to improve the property. A typed letter, dated and signed by the applicant, must be submitted stating the use of any equity being removed.
5. The overall value of superior debt must not be increased by more than 50%.
6. If no more than one subordination request has been approved by the HRA in the past five years.
7. Property taxes, if not escrowed by the superior mortgage holder, must be current.

The HRA will not subordinate to reverse mortgages. In most cases, interest-only loans or loans with interest-only options, revolving lines of credits or debt consolidation will not be allowed unless the HRA determines that an acceptable reason warrants this type of loan.

The HRA may approve other subordination requests not meeting the conditions above on a case-by-case basis that are clearly in the best interests of the HRA, where the security of the HRA loan remains acceptable, and denial of the request will cause or contribute to a documented hardship on the part of the borrower.

The fee for a subordination request is established by the HRA. If the subordination request is denied, the fee will be returned with a letter explaining the reason(s) for denial. An additional fee is required for an appeal to the HRA and is non-refundable.

Subordination requests will be processed by HRA staff, who will submit the request with a recommendation for action, to the Executive Director. The Executive Director has the authority to grant a subordination request when, based on his or her discretion, the subordination is reasonable based on the criteria set forth in this Policy. The Executive Director may request review and final decision by the HRA. Requests for subordination should be submitted 30 days prior to the date the agreement to subordinate is needed. Exceptions may be made on a case-by-case basis.

In cases where a subordination request does not meet the Policy, the Executive Director may grant an administrative appeal under the following circumstances:

- Loan-to-value (LTV) ratio is greater than 80%, but no greater than 85%; or
- Equity being removed for anything other than property improvements does not exceed \$5000; or
- The amount of financing superior to the HRA lien does not increase more than the cost of settlement charges related to the refinancing; or
- The overall superior debt increases more than 50% but the value of superior debt is unusually low and/or sufficient equity protection exists

If an application is denied, the applicant may request an appeal in writing. Appeals will be submitted by staff to the HRA at the next regularly scheduled meeting, provided the request is made at least 10 days prior to that meeting. The HRA meets on the third Monday of each month.

Targeted Funding

At various times, the HRA may target Program funding for purchases in specific developments. Applicants purchasing in those developments would receive Program funding prior to all other applications.

Total Amount of Assistance

The total amount of assistance received through the Richfield HRA for the First Time Homebuyer Program cannot exceed \$10,000.

Modification and Termination of Program

The HRA may modify or terminate the Program as it deems appropriate or as required by HUD. Once the HRA has provided financial assistance and the mortgage executed, financial assistance shall not be rescinded except as provide for in the executed HRA Mortgage, Loan Agreement, and Promissory Note.

APPENDIX A

DEFINITIONS

Acceptable Loans – ~~Conventional, Portfolio Products, Freddie Mac,~~ Fannie Mae, FHA, VA and ARM's that at a minimum are at a fixed rate for the first seven years.

Applicant – an individual or household submitting an application for a loan.

Application – The form used to request assistance for the City's First Time Homebuyer funds.

ARM or Adjustable Rate Mortgage – a mortgage that offers an initial rate that is fixed for a certain number of years of repayment; the rate then adjusts every year thereafter for the remaining life of the loan.

~~**CAPHC or Community Action Partnership of Hennepin County** – an agency working in all of Hennepin County to assist low income people with services to individuals through outreach, energy assistance programs, homeownership services and financial counseling.~~

CDBG or Community Development Block Grant Program – an annual entitlement program provided to the City of Richfield through the U. S. Department of Housing and Urban Development (HUD).

City – The City of Richfield.

Clearance – A lead based paint Certification that all lead issues have been remediated.

Closing – The consummation of the real estate transaction. The Closing includes the delivery of a deed, financial adjustments the signing of notes, mortgages, and the disbursement of funds necessary to complete the sale and loan transaction.

Closing Costs – Those costs required by the lender to be paid by the buyer for various fees, credit report costs, insurance, etc., at the time of Closing on a property.

Consolidated and Annual Action Plans – HUD requires the City of Richfield to submit a 5 year Consolidated Plan and an Annual Action Plan to guide housing, homelessness and Community Development activities.

Conventional Mortgage – A type of residential mortgage loan, usually from a bank or savings and loan association, with a fixed rate and term. It is repayable in fixed monthly payments over a period usually 30 – 40 years or less, secured by real property, and not insured by the Federal Housing Administration or guaranteed by the Veterans Administration.

Down Payment – A type of payment made by a homebuyer indicating intention to purchase real estate offered for sale and obtain financing from a bank or mortgage company.

~~**Environmental Review** – The process of verifying that a project meets federal, state, and local environmental standards. The environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users. HRA staff is responsible for the completion of the environmental review.~~

Environmental Review Addendum – An addendum to the purchase agreement that states an Environmental Review will be completed by the HRA prior to closing. The addendum must be a part of the original purchase agreement in order to be valid.

DTI or Debt to Income Rate – the percentage of income that goes toward housing costs including mortgage principal and interest, mortgage insurance premium, hazard insurance premium, property taxes, and homeowners association dues (when applicable).

Fannie Mae or Federal National Mortgage Association – A privately owned and operated corporation that buys mortgages from such lenders as banks and savings and loans, packages and resells them on the open market.

FHA or Federal Housing Administration – A Federal agency that administers many loan programs, loan Guarantee programs, and Loan Insurance programs designed to make more housing available.

First Time Homebuyer – A household who has not owned a dwelling of any kind within the preceding three years from the date of application or who has been displaced due to a divorce situation.

Gross Annual Income – The Gross annual Income of a Household for the purposes of this program is defined for purposes of reporting under Internal Revenue Service Form 1040 for individual Federal annual income tax purposes as per 24 CFR 570.3 **Income (1)(iii)**.

Gross Assets – The current market value of the following minus existing indebtedness: *(Typically, it does not include 401K funds, pensions or other deferred compensation funds.)*

1. Cash on hand
2. Cash in checking accounts
3. Cash in savings accounts, including accounts held in trust.
4. Investment securities (government bonds, municipal bonds)
5. Stocks
6. Certificate of deposits and annuities

Guidelines – The set of standards, criteria, and specifications to be used in administering the Program.

Household – All persons residing in one housing unit; which may include one or more families, a single person, a married couple, or two or more unrelated persons.

Housing Counselor – A person who provides direct customer services primarily to groups, individuals, households seeking information and assistance with housing issues.

Housing Ratio - the percentage of income that goes toward housing costs including mortgage principal and interest, mortgage insurance premium, hazard insurance premium, property taxes, and homeowners association dues (when applicable).

HRA – The Housing and Redevelopment Authority in and for the City of Richfield, which administers the City’s First Time Homebuyer Program.

HUD or U. S. Department of Housing and Urban Development – The principal federal agency responsible for implementing certain federal housing and community development programs.

Income - The amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

Lead Risk Assessment – A report that describes the health risk assessment, management process, estimates of the costs of recovery, and summaries of possible defensive measures required per HUD regulation CFR Part 35: Lead Based Paint Regulations.

Lender – Individual or firm that extends money to a borrower with the expectation of being repaid, usually with interest.

Loan Estimate – Document disclosing the approximate closing costs a mortgage applicant will pay at or before the mortgage settlement date.

Low Income Household– A household whose annual income does not exceed the low income limit as established by HUD with adjustments for smaller and larger families.

Minnesota Housing – The Minnesota Housing Finance Agency; a Minnesota State agency that administers a variety of first time homebuyer loan programs.

Moderate Income Household – A household whose annual income does not exceed 80 percent of the median income for the area, as determine by HUD with adjustments for smaller and larger families.

Mortgage – The conveyance of an interest in real property given as security for the payment of a loan.

Principal Place of Residence – To occupy the home as the primary residence on a permanent basis.

Program – The City’s First Time Homebuyer Program.

Promissory Note – A written instrument containing a promise by the signer to pay and agreed amount.

Purchase Agreement – An agreement between buyer and seller of real property, setting forth the price, and terms of the sale. Also known as a sales contract.

Reducing the Mortgage Principal Amount – A method of benefitting the buyer through the use of a portion or all of the HRA provided financial assistance to lower the mortgage principle amount. In effect, this assistance acts as a larger down payment and helps to reduce the monthly mortgage payments. The available amount of assistance is up to 10% of the purchase price to a maximum of \$10,000. ~~Borrowers are expected to contribute at least 25% of their gross qualifying income toward their monthly payment before Richfield financial assistance can be used for reduction of the mortgage principal. The buyer’s housing ratio must be between 25% and 35%.~~

Satisfaction of Mortgage – A document releasing a mortgage lien, indicating the borrower has paid the debt in full.

Second Mortgage – A loan on a property that already has an existing mortgage (the first mortgage). The second mortgage is subordinate to the first.

VA Loan – Department of Veterans Affairs, providing below-market financing with no down payment to veterans of the U.S. Armed Services.



STAFF REPORT NO. 49
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
11/19/2018

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
11/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
11/15/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution approving a Fair Housing Policy.

EXECUTIVE SUMMARY:

The federal Fair Housing Act (FHA) prohibits housing discrimination on the basis of race/color, national origin, religion, sex, familial status, and disability. In addition, the Minnesota Human Rights Act (MHRA) adds the following protected classes: sexual orientation, marital status, status with regard to public assistance, and creed.

Cities have two obligations under the FHA. First, cities must refrain from intentional discrimination because of someone's protected class status, called disparate treatment. Second, city policies and practices cannot have a greater effect on protected classes, called disparate impact. If a city receives federal funds related to housing or urban development (e.g., Section 8, Community Development Block Grant funds), it has a third obligation to affirmatively further fair housing.

The Metropolitan Council is recommending that cities adopt local fair housing policies to actively affirm their obligations to furthering fair housing and ensuring access to and availability of housing for all.

Based on that recommendation, staff is proposing the adoption of a local Fair Housing Policy (Policy) in which the City, Housing and Redevelopment Authority (HRA), and Economic Development Authority (EDA) will commit to the following external and internal practices:

1. Intake and referral of fair housing complaints. (Note: the City does not have the authority to process or decide fair housing complaints but can provide links and referrals to appropriate resources.)
2. Make available online and in-person information regarding fair housing in the native languages of its residents.
3. Train staff and officials on fair housing.
4. Conduct periodic analyses of the City's housing inventory and codes.
5. Consider fair housing issues when reviewing development proposals and apply the City's Inclusionary Housing Policy to developments receiving City/HRA/EDA financial assistance.

6. Seek community input, particularly from underrepresented members of the community, with regard to fair housing, zoning, and development issues.

The City, HRA, and EDA currently do many of these activities, and adopting a Policy affirms these practices and makes our intentions transparent. In addition, the Policy furthers the goal of creating a community that advances equity and inclusion for all its residents.

RECOMMENDED ACTION:

By motion: Adopt a resolution approving a Fair Housing Policy.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Many of the City's residents who are renters fall under one or more of the FHA's protected classes and may be more likely to face issues relating to fair housing. The City, HRA, and EDA have undertaken a variety of efforts in the past year-and-a-half to support renters and strengthen the City's apartment community. To date, the City, HRA and EDA have:
 - Increased funding for the Kids@Home Program.
 - Created an Apartment Remodeling Program.
 - Required projects receiving City/HRA/EDA assistance to not discriminate against Section 8 and provide advanced notice of sale.
 - Adopted building permit fee reductions for affordable housing.
 - Adopted a Tenant Protection Ordinance.
 - Adopted an Inclusionary Housing Policy.
- Adoption of a local Fair Housing Policy continues these efforts.
- The Metropolitan Council is requiring that cities adopt a local fair housing policy if they are to participate in the Council's Livable Communities Act Demonstration Grant Program (Program). This Program is an important source of funding for development projects, and the City has received several grants under this Program in the past and anticipates applying for and receiving grants in the future.
- The proposed Policy is based on a model policy developed by the Housing Justice Center and recommended by the Metropolitan Council.

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

- The FHA prohibits housing discrimination on the basis of race/color, national origin, religion, sex, familial status, and disability. The City is obligated to follow the FHA, and as a recipient of federal housing and community development funds, the City and HRA are required to affirmatively further fair housing.
- For the past two years, one of the goals of the City Council has been to provide an environment of equity and inclusion. The proposed local Fair Housing Policy furthers that goal.

C. CRITICAL TIMING ISSUES:

- Because the HRA administers the City's housing programs and provides recommendations on housing-related policies to the City, the HRA is being asked to review the Policy first and forward the Policy to the City Council and EDA.
- The City Council will consider adoption of the policy on December 11, 2018.
- The EDA will consider adoption of the policy at its next meeting, anticipated January 2019.
- The Cedar Point II project anticipates receiving a Livable Communities Development Act (LCDA) grant of \$1.2 million. Final decision on the grant award will be made on November 28. The funds will not be able to be spent until a local Policy is adopted.

D. FINANCIAL IMPACT:

- Existing staff will be used to carry out the responsibilities established in the Policy.
- Many of the activities are things the City is already doing and paying for (e.g., periodically reviewing housing inventory).
- Training will have costs associated with it; however, staff have not yet identified what that training and those costs will be. Regional efforts are underway to develop appropriate training that would

be available locally at a reasonable cost.

- The Cedar Point II project anticipates receiving an LCDA grant of \$1.2 million. Failure to adopt a local Policy will make the City ineligible to receive the grant, which will cause a significant financial hardship for the project.

E. LEGAL CONSIDERATION:

- The proposed Policy is consistent with the federal Fair Housing Act and the obligations the City has as a recipient of federal Section 8 and Community Development Block Grant funds.
- The City Attorney has reviewed the Policy.

ALTERNATIVE RECOMMENDATION(S):

- Decide not to adopt a local Fair Housing Policy.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
☐	Resolution	Resolution Letter
☐	Fair Housing Policy	Backup Material

RESOLUTION NO. ____

**A RESOLUTION APPROVING THE ADOPTION OF
A FAIR HOUSING POLICY**

WHEREAS, the Federal Fair Housing Act (FHA) prohibits discrimination in housing because of a person's race/color, sex, national origin, religion, familial status, or disability; and

WHEREAS, the Housing and Redevelopment Authority (HRA) is obligated to comply with the FHA and not discriminate in housing on the basis of someone's protected class and to not adopt programs and policies that cause a disparate impact on a protected class; and

WHEREAS, as a recipient of federal housing and community development funds, the HRA is also obligated to affirmatively further fair housing; and

WHEREAS, the HRA is committed to fair housing and wants to ensure it is effectively serving its citizens that have fair housing concerns; and

WHEREAS, the HRA believes that adoption of a local policy will assist the City in serving its citizens regarding fair housing and achieving its housing goals; and

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

1. The Fair Housing Policy is hereby approved and adopted.
2. HRA staff is authorized to carry out the policy effective immediately.

Adopted by the Housing and Redevelopment Authority, in and of the City of Richfield, Minnesota, this 19th day of November, 2018.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

**City of Richfield
Housing and Redevelopment Authority
Economic Development Authority
Fair Housing Policy**

1. Purpose/Vision

Title VIII of the Civil Rights Act establishes federal policy for providing fair housing throughout the United States. The intent of Title VIII is to ensure equal housing opportunities for all citizens. Furthermore, the City of Richfield, as a recipient of federal funds, is obligated to certify that it will affirmatively further fair housing.

The City of Richfield strives to advance its commitment to inclusion and equity by developing this Fair Housing Policy to further the goal of creating a community where all residents will thrive.

2. Fair Housing Policy Statement

It is the policy and commitment of the City of Richfield to ensure that fair and equal housing opportunities are available to all persons in all housing opportunities and development activities funded by the city regardless of race, color, religion, gender, sexual orientation, marital status, status with regard to public assistances, familial status, national origin, or disability. This is done through external policies to provide meaningful access to fair housing information and referral services for all constituents and through internal practices and procedures that promote fair housing throughout the community.

3. External Practices

a. Intake and Referral

The City of Richfield has designated the Multi-Family Housing Specialist as the responsible authority for the intake and referral of all fair housing complaints. At a minimum, the Multi-Family Housing Specialist will be familiar with state and federal fair housing laws, the complaint process for filing discrimination complaints, and the state and federal agencies that handle complaints.

The date, time, and nature of the fair housing complaint and the referrals and information given will be fully documented.

The Multi-Family Housing Specialist will advise the City Council on City programs and policies affecting fair housing and identify issues and concerns where appropriate.

b. Meaningful Access

- i. **Online Information.** The City of Richfield will display information about fair housing prominently on its website. The website will include links to various fair housing resources, including the Department of Housing and Urban Development, Minnesota Department of Human Rights, Mid-Minnesota Legal Aid, and others, as well as links to state and federal fair housing complaint forms.
- ii. **In-Person Information.** The City of Richfield will provide fair housing information to anyone requesting such information at the city offices. Information provided will include:
 1. A list of fair housing enforcement agencies;
 2. *Fair Housing: Equal Opportunity for All* information booklet; and
 3. Fair housing complaint forms for enforcement agencies.
- iii. **Languages.** The City of Richfield is committed to providing information in the native language of its residents. The City will provide information in languages other than English as needed.

4. Internal Practices

The City of Richfield commits to the following steps to promote awareness and competency of fair housing issues in all of its government functions.

- a. **Staff and Officials Training.** The City will access available training to train its staff and housing officials on fair housing considerations.

- b. Housing Analysis.** The City will review its housing inventory and community needs periodically to examine the availability and affordability of both rental and owner-occupied housing for all residents in order to have such information available for future City actions.
- c. Code Analysis.** The City will review its municipal code periodically, to identify impediments to accessing housing and any potential for disparate impact or treatment.
- d. Project Planning and Analysis.** City planning functions and development review will consider whether potential projects may perpetuate segregation or lead to displacement of protected classes, and will apply the City's Inclusionary Housing Policy in the case of developments seeking financial assistance from the City.
- e. Community Engagement.** The City will seek community input, particularly from underrepresented populations in the community, with regard to fair housing issues, development, zoning, and land use changes facilitated by the City.
- f. Affirmatively Furthering Fair Housing.** As a subrecipient of federal funds, the City will, as requested by Hennepin County as the entitlement jurisdiction, participate in the Regional Analysis of Impediments, as organized by the regional Fair Housing Implementation Council (FHIC), an ad hoc coalition of Community Development Block Grant (CDBG) entitlement jurisdictions and others working together to affirmatively further fair housing. The City will review the recommendations from the analysis for potential integration into City planning documents, including the Comprehensive Plan and other applicable documents.

Adopted:

This ____ day of _____, 2018 by the Richfield City Council.

Mayor

Secretary

This ____ day of _____, 2018 by the Richfield Housing and
Redevelopment Authority.

Chair

Secretary

This ____ day of _____, 2019 by the Richfield Economic
Development Authority.

President

Secretary



STAFF REPORT NO. 50
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
11/19/2018

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

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
11/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
11/15/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 6933 Oliver Avenue S under the Richfield Rediscovered Credit Program.

EXECUTIVE SUMMARY:

Endres Custom Homes, Inc. (Builder) is applying for a Richfield Rediscovered Credit (Credit) to redevelop the property at 6933 Oliver Avenue S. The Builder would remove the existing substandard home, split the oversized lot into three separate lots, and construct three new single family homes. Each new home would be a two-story home with three bedrooms, three bathrooms and an attached two-car garage. The new homes will be approximately 2,000 square feet with an approximate end-value of \$429,900. Regardless of the number of new homes that would be built on the site, a single \$50,000 Credit would apply to the project, as incentive for the removal of one substandard home from the community.

RECOMMENDED ACTION:

By motion: Approve and authorize execution of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 6933 Oliver Avenue S.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The existing structure has been inspected and qualifies as substandard, per the Richfield Rediscovered Program guidelines.
- The Builder has submitted an application for a \$50,000 Credit to redevelop the property at 6933 Oliver Avenue S.
- The proposed 2,000 square foot homes will all be a different design but each will have three bedrooms, three bathrooms and a two-car garage.
- Prospective Richfield Rediscovered participants bear a significant cost in redeveloping developed lots. The \$50,000 redevelopment subsidy addresses the financing gap and provides an attractive incentive to replace a substandard housing structure with a new home that meets the needs and desires of today's households.
- The Builder has closed on the property.

- The Builder has prospective end buyers for the houses.
- The subdivision of the property was approved by the City Council on November 13, 2018.

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

- The proposed project meets the objectives of the Richfield Rediscovered Program:
 - Removes substandard, functionally obsolete housing and eliminates its blighting influence.
 - Provides new, higher valued housing.
 - Alleviates the shortage of housing choice for buyers in the community.
- The project meets the Housing Design and Site Development Criteria, as defined in the Richfield Rediscovered Guidelines.
- Approval of the Credit would meet the requirements of the Housing and Redevelopment Authority's (HRA) Inclusionary Housing Policy: over a three-year period, at least 20% of the scattered-site units constructed must be affordable at 80% of the Area Median Income (AMI). From 2017-2019, the HRA is on track to facilitate construction of eight market rate homes and four affordable homes (33% affordable).

C. CRITICAL TIMING ISSUES:

- The Contract for Private Development (Contract) requires the Builder to complete construction by July 1, 2019.

D. FINANCIAL IMPACT:

- Under the terms of the Contract, the \$50,000 will be distributed in one installment, due and payable upon completion of construction.
- The 2018 Richfield Rediscovered budget allows for two credit developments.

E. LEGAL CONSIDERATION:

- The HRA Attorney has reviewed the terms of the Contract for Private Redevelopment.
- No public notification is required on this item; however, notification of the meeting was sent to property owners within 350 feet of the subject property, as a courtesy.

ALTERNATIVE RECOMMENDATION(S):

- Do not execute the Contract for Private Development.
- Amend the Contract for Private Development and direct staff to work with the Builder to revise the proposal.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Dustin Endres, Endres Custom Homes, Inc.

ATTACHMENTS:

Description	Type
☐ Contract for Private Development - Endres Custom homes	Contract/Agreement
☐ Photo of 6933 Oliver	Backup Material
☐ Site plan and house plan	Backup Material
☐ House Design examples - 6933 Oliver	Backup Material

CONTRACT FOR PRIVATE DEVELOPMENT

Between

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

and

Endres Custom Homes, Inc.

Related to Property Located at

6933 Oliver Avenue South

This Instrument Drafted by:

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

CONTRACT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT, made and entered into as of this ___ day of _____, 2018, by and between the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, Richfield, Minnesota (HRA), and Endres Custom Homes, Inc. (Buyer).

WITNESSETH:

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

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

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

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

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

ARTICLE I.

DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION

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

Buyer. Endres Custom Homes, Inc.

City. The City of Richfield, Minnesota.

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

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

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

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

Guidelines. The Richfield Rediscovered Program Guidelines for the Redevelopment Credit Program, revised February 21, 2017 and attached as Exhibit A to this Agreement.

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

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

Minimum Market Value. \$429,900, which is the minimum market value for the Property and Improvements as confirmed by the Hennepin County Assessor.

Property. The real property legally described as:

Lots 12, 13 and South 40 Feet of Lot 14, Block 11, Tingdale Bros Lincoln Hills 2nd Addition,
Hennepin County, Minnesota

having a street address of:

6933 Oliver Avenue South

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

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

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

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

- A. Program Guidelines
- B. Certificate of Completion

Section 1.3 Rules of Interpretation.

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

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

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

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

ARTICLE II.

REPRESENTATIONS AND UNDERTAKINGS

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III.

ACQUISITION OF PROPERTY; CONVEYANCE TO BUYER

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

Section 3.2 Closing. Closing on the Property must take place on or before December 15, 2018, or such other date as may be agreed to by the Buyer and the HRA in writing.

ARTICLE IV.

CONSTRUCTION OF IMPROVEMENTS

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

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

deficiencies and the steps necessary for correction. Issuance of the building permit by the City shall be a conclusive determination that the building plans have been approved and shall satisfy the provisions of this Section 4.2.

Section 4.3 Schedule of Construction. Subject to Unavoidable Delays, construction of the Improvements shall be completed prior to July 1, 2019. All construction shall be in conformity with the approved Construction Plans and the Guidelines. Periodically during construction the Buyer shall make reports in such detail as may reasonably be requested by the HRA concerning the actual progress of construction. If at any time prior to completion of construction the HRA has cause to believe that the Buyer will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Buyer and demand assurances from the Buyer regarding the Buyer's construction schedule. If such assurances are not forthcoming or are deemed by the HRA at its sole discretion to be inadequate, the HRA may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

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

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

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

ARTICLE V.

REDEVELOPMENT ASSISTANCE

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

ARTICLE VI.

FINANCING

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

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

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

ARTICLE VII.

PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

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

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

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

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

ARTICLE VIII.

EVENTS OF DEFAULT

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

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

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

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

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

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

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

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

(b) Cancel or rescind this Agreement;

(c) Withhold the Certificate of Completion; or

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

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

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

ARTICLE IX.

ADDITIONAL PROVISIONS

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

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

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

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

(a) As to the HRA:

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

(b) As to the Buyer:

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

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

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

BUYER

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by _____.

Notary Public

EXHIBIT A

**RICHFIELD REDISCOVERED
PROCEDURAL GUIDELINES
REDEVELOPMENT CREDIT PROGRAM**

Revised: February 21, 2017

PROGRAM OBJECTIVES..... 3

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

I. Program Objectives

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

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

II. Definitions

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

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

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

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

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

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

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

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

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

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

III. Program Basics

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

- A Buyer, and all members of his/her household, is only eligible to receive a Redevelopment Credit once every seven years

IV. Application Requirements

The following must be submitted for application to the program:

1. \$550 application fee
An application fee, in the form of a certified cashier's check made out to the Richfield HRA, must be paid at the time of application. This fee is non-refundable and is not part of the lot price.
2. Project Information Sheet
3. Purchase agreement
The Buyer must present a valid purchase agreement for the lot it proposes to redevelop. The closing must be scheduled after the date of the HRA meeting.
4. Blueprints
The layout of all levels, including basement and unfinished space, must be provided.
5. Elevations
Elevations of all four sides of the house, including view of garage shall be provided.
6. Site plan
The site plan shall indicate the location of the new house, walkways and garage.
7. Landscaping plan
A landscaping plan may be hand-drawn by the applicants, but must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch). The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.
8. Green Community Concepts Plan
The plan should indicate what Green Community Concepts will be incorporated into the project.
9. Detail of construction materials to be used on the project.
10. Construction timeline
Construction must be completed with one year of the purchase of the property.
11. Signed contract with Builder
12. Financial capability statement
 - a. A statement from a financial institution indicating willingness, with standard contingencies, to provide sufficient construction capital to complete the project.
13. Builder References
 - a. Five previous customers
 - b. Three major suppliers, one being the construction supplier
 - c. Building inspectors from two cities where the Builder has constructed new housing within the past three years
14. Proof of Builder's Comprehensive General Liability with Property Damage Protection.

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

16. Written warranty program

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

V. Securing a Site

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

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

VI. Property Evaluation Considerations and Procedures

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

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

Criteria A

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

Criteria B

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

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

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

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

VII. House Design and Site Development Requirements

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

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

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

A. New Home Standards

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

B. Site Standards

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

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

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

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

4. All air conditioning units must be located in the rear yard of the house or as approved by the HRA.

C. Construction Requirements

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

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

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

D. General Standards

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

attenuation building standards as required by Zoning Ordinance Section 541.19 for properties located within the 2007 60-62 DNL Contour and 2007 63 or greater DNL contours.

10. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.
11. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense.

E. Green Community Concepts

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

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

VIII. City Review Procedure

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

IX. Disbursement of Funds

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

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

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

X. Solicitation of New Development Proposals

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

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

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

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

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

XI. General Program Marketing

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

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

XII. Data Privacy

The HRA is subject to Minnesota Statutes Chapter 13 (the "Minnesota Government Data Practices Act"). Under the Minnesota Government Data Practices Act, the names and addresses

of applicants for or recipients of assistance under this program and the amount of assistance received under this program are public data. All other financial information submitted to the HRA for purposes of the program application is considered private data.

6933 Oliver Avenue

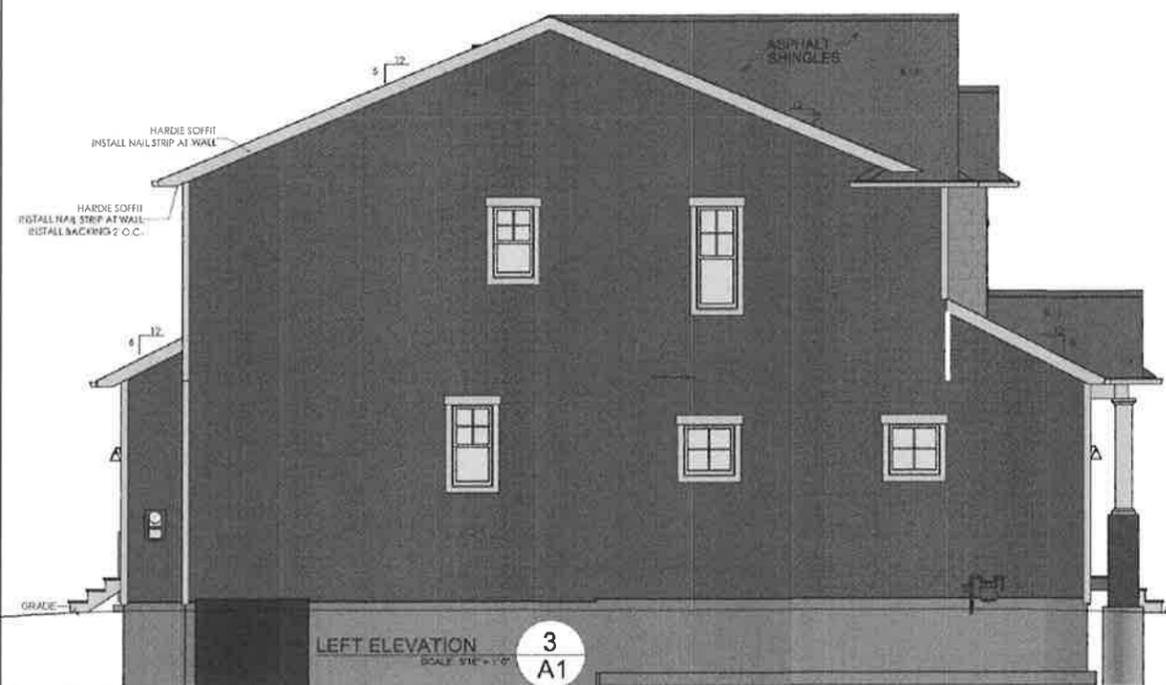




1
A1 FRONT ELEVATION
SCALE: 1/4" = 1' 0"
ALL DIMENSIONS TO OS SHEATHING
BUILDING TO BE CONSTRUCTED PER
IRC 2012 CODE W/ MN AMENDMENTS



2
A1



3
A1



4
A1

NO.	DESCRIPTION	BY	DATE

SHEET TITLE:
SHEET TITLE

PROJECT DESCRIPTION:
Eagle 6636 Irving

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

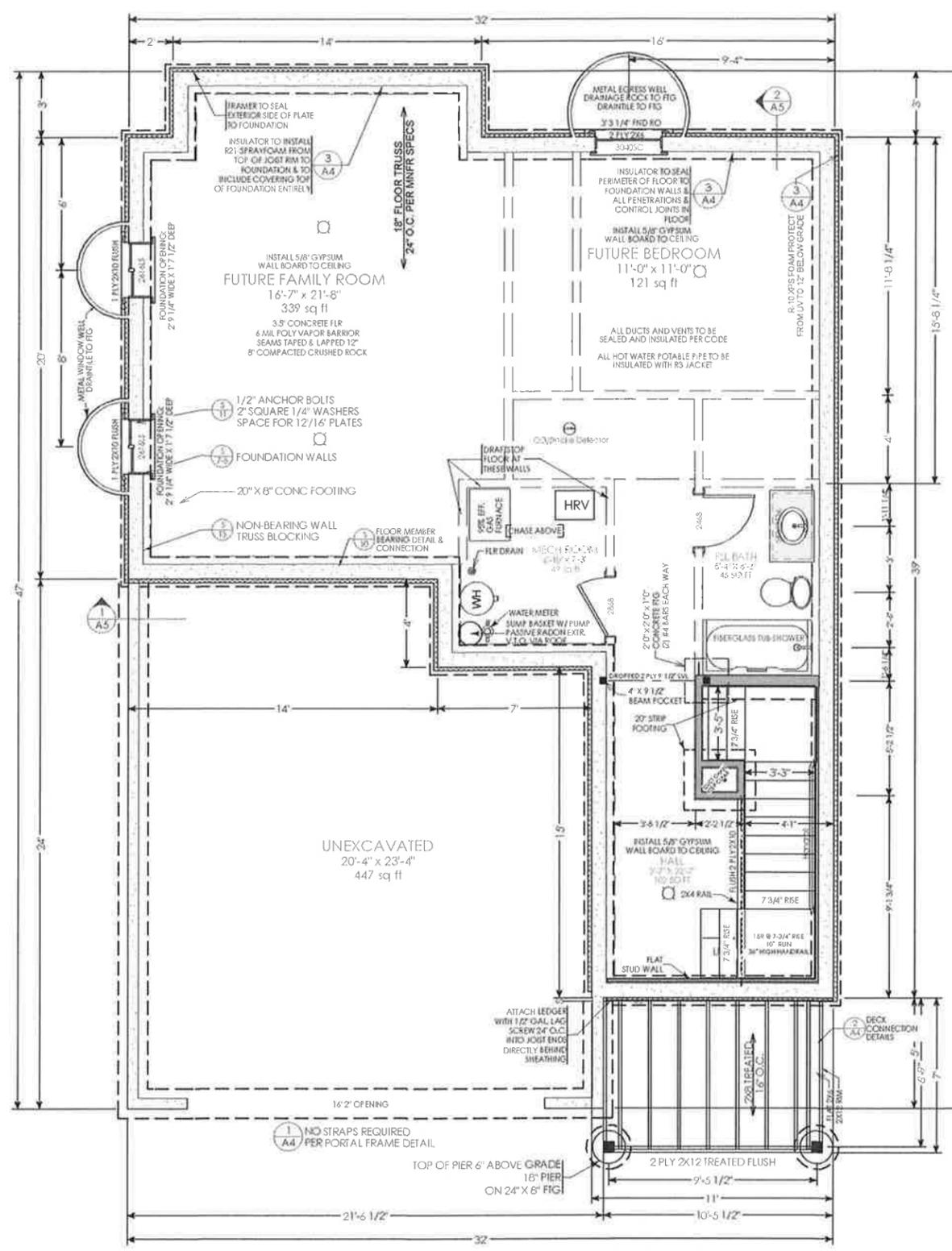
DATE:

3/2/2017

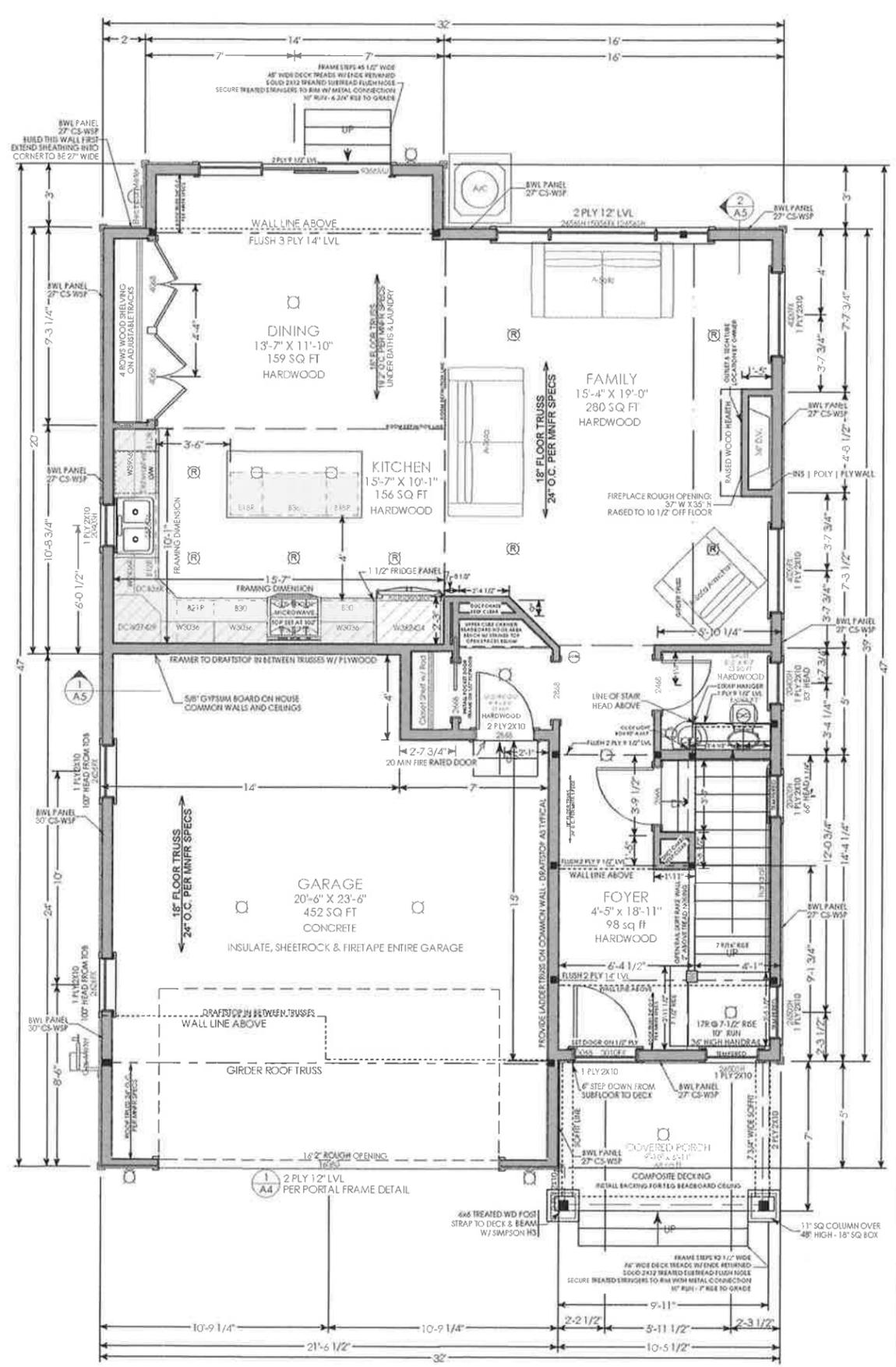
SCALE:

SHEET:

A-1



1
A2
BASEMENT LIVING AREA
SCALE: 1/4" = 1'-0"
953 SQ FT



2
A2
MAIN FLOOR LIVING AREA
SCALE: 1/4" = 1'-0"
913 SQ FT
MAIN FLOOR WINDOW HEADS @ 95" U.N.O.
ALL DIMENSIONS TO OUTSIDE SHEATHING

NO.	DESCRIPTION	BY	DATE

SHEET TITLE:
SHEET TITLE

PROJECT DESCRIPTION:
Eagle 6636 Irving

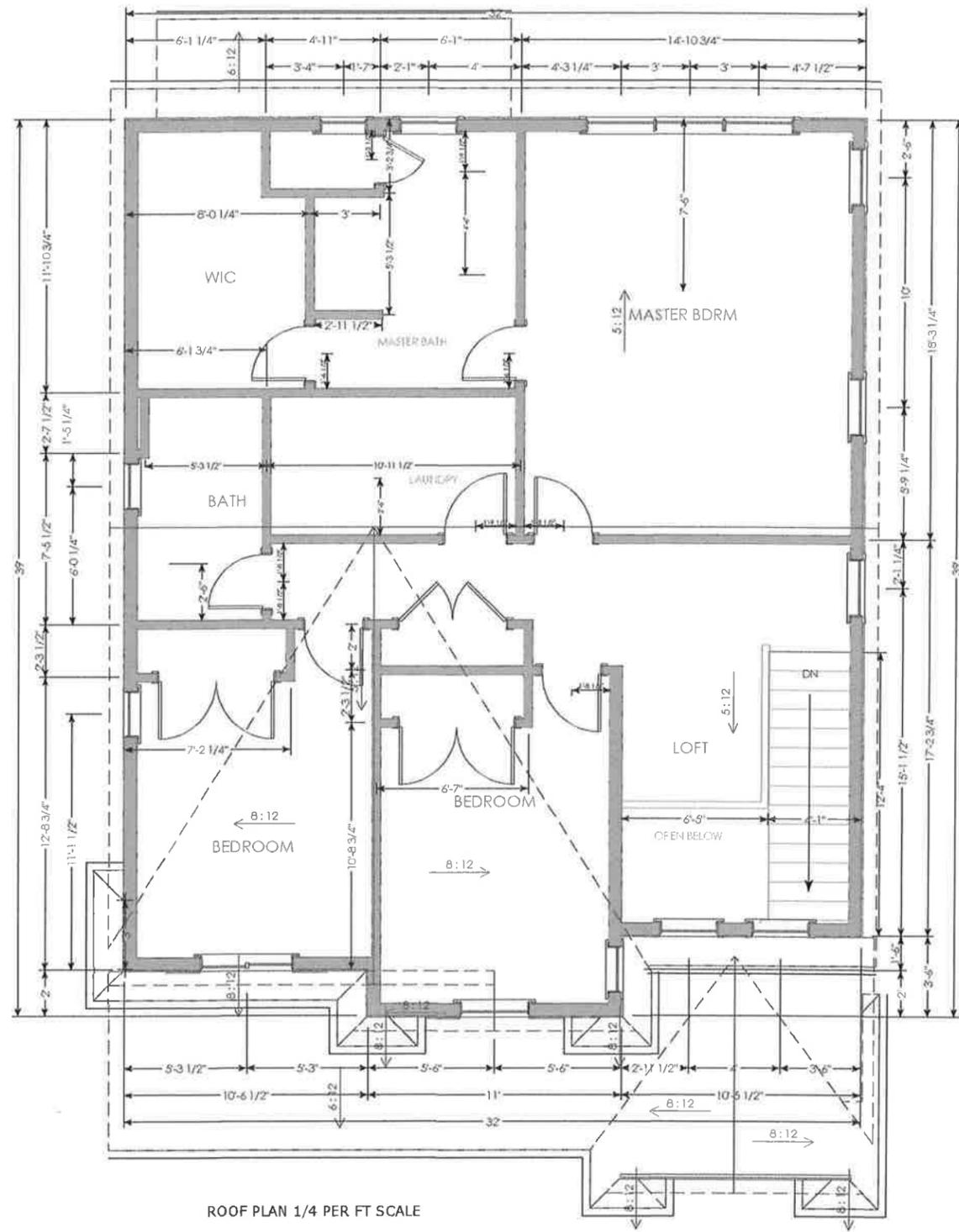
Endres
custom homes
15561 Dunberry Way, Apple Valley, MN 55124

DATE:
3/2/2017

SCALE:

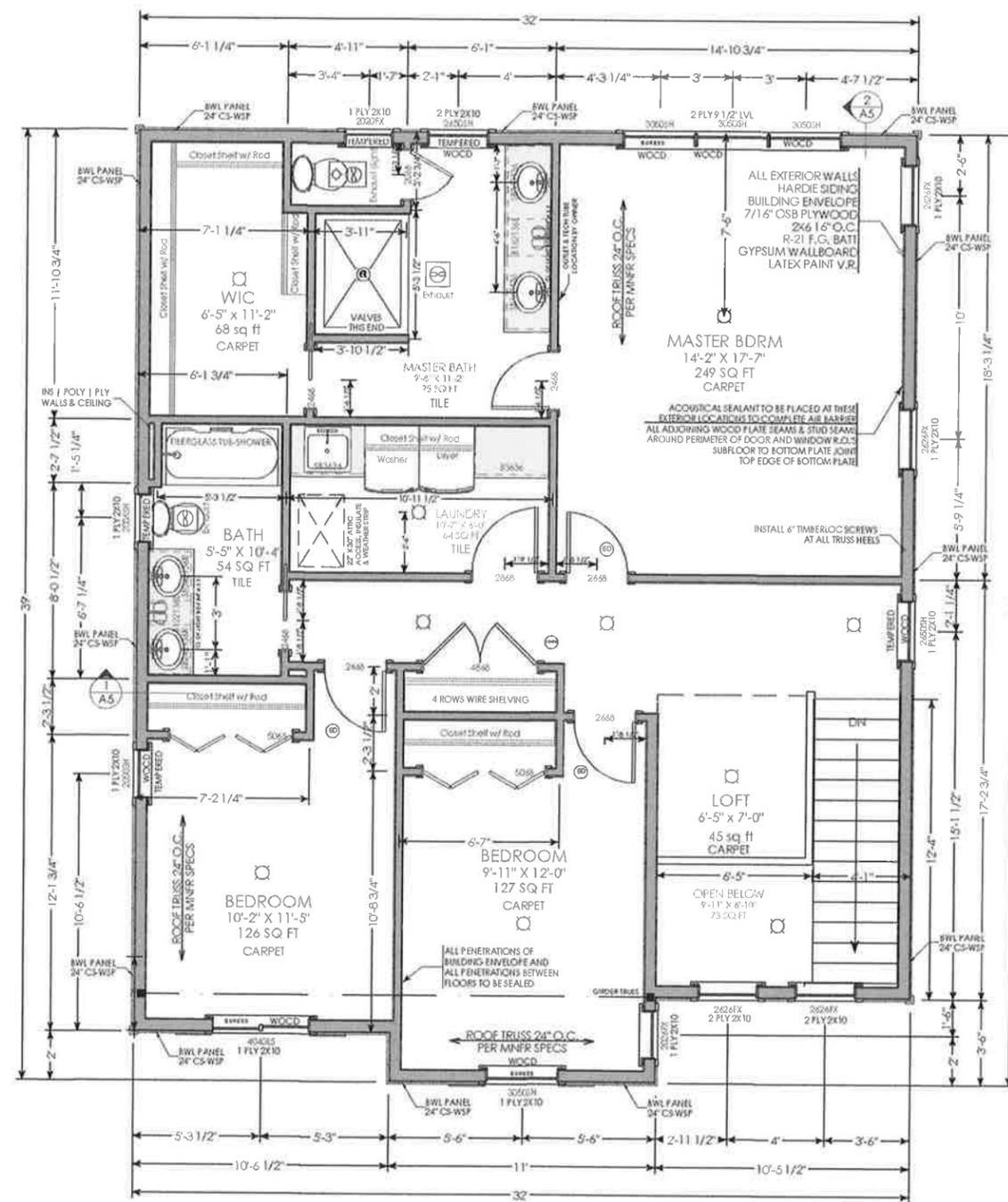
SHEET:

A-2



ROOF PLAN 1/4 PER FT SCALE

LIVING AREA
1100 SQ FT



1
A3 SECOND FLOOR
SCALE: 1/4" = 1' 0"

LIVING AREA
1100 SQ FT

2ND FLOOR WINDOW R.O. HEADS @ 82 1/2" U.N.O.
ALL DIMENSIONS TO OUTSIDE SHEATHING

NO.	DESCRIPTION	BY	DATE

SHEET TITLE:
SHEET TITLE

PROJECT DESCRIPTION:
Eagle 6636 Irving

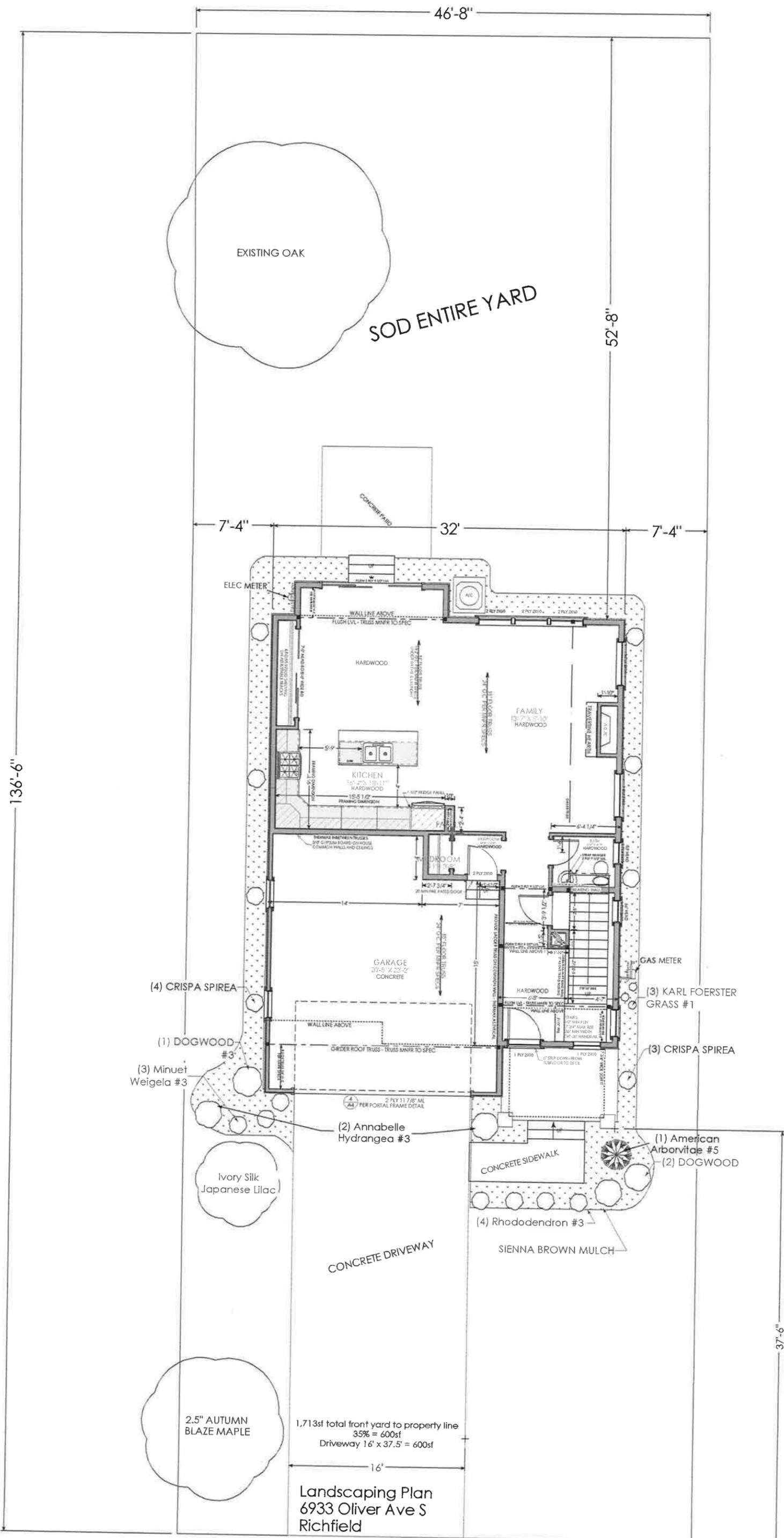
Endres
custom homes
15551 Dumberry Way, Apple Valley, MN 55124

DATE:
3/2/2017

SCALE:

SHEET:

A-3



6933 Oliver Ave S, Richfield



Monte Vista

\$449,900

2,195 Square Feet

4 Beds, 3 Baths

2 Car Insulated Garage

Unfinished Basement

46.67' x 134' Lot

Move In Ready June 2019!



Eagle

\$419,900

2,000 Square Feet

3 Beds, 3 Baths

2 Car Insulated Garage

Unfinished Basement

46.67' x 134' Lot

Move In Ready June 2019!



Rangley

\$409,900

1,876 Square Feet

3 Beds, 3 Baths

2 Car Insulated Garage

Unfinished Basement

46.67' x 134' Lot

Move In Ready June 2019!



STAFF REPORT NO. 51
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
11/19/2018

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

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
11/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
11/15/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 7420 Sheridan Avenue S under the Richfield Rediscovered Program.

EXECUTIVE SUMMARY:

Endres Custom Homes, Inc. (Builder) is applying for a Richfield Rediscovered Credit (Credit) to purchase the property at 7420 Sheridan Avenue S. The Builder would remove the existing substandard home and construct a new home on the lot. The new home would be a two-story home with four bedrooms, four bathrooms and an attached three-car garage. The new home will be approximately 2,200 square feet with a minimum end-value of \$439,900.

RECOMMENDED ACTION:

By motion: Approve and authorize execution of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 7420 Sheridan Avenue S.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Builder has submitted an application for a \$50,000 Credit to redevelop the property at 7420 Sheridan Avenue S.
- The proposed 2,200 square-foot house will have four bedrooms, four bathrooms and a three-car garage.
- The existing slab-on-grade home has been inspected and qualifies as substandard, per the Richfield Rediscovered Program Guidelines.
- Prospective Richfield Rediscovered participants bear a significant cost in redeveloping developed lots. The \$50,000 redevelopment subsidy addresses the financing gap and provides an attractive incentive to replace a substandard housing structure with a new home that meets the needs and desires of today's households.
- The Builder has a Purchase Agreement on the house and is anticipating closing on November 29, 2018.

- The Builder has a prospective end-buyer for the house.

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

- The proposed project meets the objectives of the Richfield Rediscovered Program:
 - Removes substandard, functionally obsolete housing and eliminates its blighting influence.
 - Provides new, higher valued housing.
 - Alleviates a shortage of housing choices for families.
 - Facilitates the Housing and Redevelopment Authority’s (HRA) “Market Rate Initiatives” by providing a new, market-rate, owner-occupied house designed for families.
- The project meets the Housing Design and Site Development Criteria, as defined in the Richfield Rediscovered Guidelines. Several features are incorporated to address the design criteria:
 - The HRA will require that the house be set back at least 35 feet from the front property line, similar to the houses on either side.
 - The side setbacks of seven-and-a-half feet exceeds the required setback of five feet, providing greater distance to the single-story, adjacent homes.
- Approval of the Credit would meet the requirements of the HRA's Inclusionary Housing Policy: over a three-year period, at least 20% of the scattered site units constructed must be affordable at 80% of the Area Median Income (AMI). From 2017-2019, the HRA is on track to facilitate construction of eight market rate homes and four affordable homes (33% affordable).

C. CRITICAL TIMING ISSUES:

- The Contract for Private Development (Contract) requires the Builder to close on the property by December 15, 2018, and to complete construction by July 1, 2019.

D. FINANCIAL IMPACT:

- Under the terms of the Contract, the \$50,000 will be distributed in one installment, due and payable upon completion of construction, which will be in 2019.
- The 2019 Richfield Rediscovered budget allows for two Credit developments.

E. LEGAL CONSIDERATION:

- The HRA Attorney has reviewed the terms of the Contract.
- Mailed notification is not required on this item; however, a courtesy notice was mailed to residents within 350 feet of the property.

ALTERNATIVE RECOMMENDATION(S):

- Do not execute the Contract.
- Amend the Contract and direct staff to work with the Builder to revise the proposal.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Dustin Endres, Endres Custom Homes, Inc.

ATTACHMENTS:

Description	Type
☐ Contract for Private Development	Contract/Agreement
☐ Existing Home Photo	Backup Material
☐ Site plan and house plan	Backup Material

CONTRACT FOR PRIVATE DEVELOPMENT

Between

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

and

Endres Custom Homes, Inc.

Related to Property Located at

7420 Sheridan Avenue South

This Instrument Drafted by:

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

CONTRACT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT, made and entered into as of this ___ day of _____, 2018, by and between the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, Richfield, Minnesota (HRA), and Endres Custom Homes, Inc. (Buyer).

WITNESSETH:

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

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

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

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

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

ARTICLE I.

DEFINITIONS, EXHIBITS, RULES OF INTERPRETATION

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

Buyer. Endres Custom Homes, Inc.

City. The City of Richfield, Minnesota.

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

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

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

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

Guidelines. The Richfield Rediscovered Program Guidelines for the Redevelopment Credit Program, revised February 21, 2017 and attached as Exhibit A to this Agreement.

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

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

Minimum Market Value. \$439,900, which is the minimum market value for the Property and Improvements as confirmed by the Hennepin County Assessor.

Property. The real property legally described as:

Lot 4, Block 7, Penn Lake Terrace 1st Addition, Hennepin County, Minnesota

having a street address of:

7420 Sheridan Avenue South

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

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

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

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

- A. Program Guidelines
- B. Certificate of Completion

Section 1.3 Rules of Interpretation.

- (a) This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota.
- (b) The words “herein” and “hereof” and words of similar import, without reference to any particular section or subdivision refer to this Agreement as a whole rather than any particular section or subdivision hereof.
- (c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.
- (d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II.

REPRESENTATIONS AND UNDERTAKINGS

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

- (a) The Buyer has the legal authority and power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement;
- (b) The Buyer has the necessary equity capital or will obtain commitments for financing necessary for construction of the Improvements;
- (c) The Buyer will construct the Improvements in accordance with the terms of this Agreement and all local, state and federal laws and regulations;
- (d) The Buyer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, the requirements of all local, state and federal laws and regulations which must be obtained or met before the Improvements may be constructed; and
- (e) The plans for the Improvements have been prepared by a qualified draftsman or architect.
- (f) The Buyer intends to reside at the Property following completion of construction of the Improvements and is not acquiring the Property for the purpose of resale or speculation.

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

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

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

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

ARTICLE III.

ACQUISITION OF PROPERTY; CONVEYANCE TO BUYER

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

Section 3.2 Closing. Closing on the Property must take place on or before December 15, 2018, or such other date as may be agreed to by the Buyer and the HRA in writing.

ARTICLE IV.

CONSTRUCTION OF IMPROVEMENTS

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

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

deficiencies and the steps necessary for correction. Issuance of the building permit by the City shall be a conclusive determination that the building plans have been approved and shall satisfy the provisions of this Section 4.2.

Section 4.3 Schedule of Construction. Subject to Unavoidable Delays, construction of the Improvements shall be completed prior to July 1, 2019. All construction shall be in conformity with the approved Construction Plans and the Guidelines. Periodically during construction the Buyer shall make reports in such detail as may reasonably be requested by the HRA concerning the actual progress of construction. If at any time prior to completion of construction the HRA has cause to believe that the Buyer will be unable to complete construction of the Improvements in the time permitted by this Section 4.3, it may notify the Buyer and demand assurances from the Buyer regarding the Buyer's construction schedule. If such assurances are not forthcoming or are deemed by the HRA at its sole discretion to be inadequate, the HRA may declare an Event of Default and may avail itself of any of the remedies specified in Section 8.2 of this Agreement.

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

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

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

ARTICLE V.

REDEVELOPMENT ASSISTANCE

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

ARTICLE VI.

FINANCING

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

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

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

ARTICLE VII.

PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

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

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

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

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

ARTICLE VIII.

EVENTS OF DEFAULT

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

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

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

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

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

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

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

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

(b) Cancel or rescind this Agreement;

(c) Withhold the Certificate of Completion; or

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

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

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

ARTICLE IX.

ADDITIONAL PROVISIONS

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

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

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

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

(a) As to the HRA:

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

(b) As to the Buyer:

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

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

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

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

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

By _____
Its Chairperson

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by _____, the Chairperson of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (HRA), a public body corporate and politic under the laws of Minnesota, on behalf of the HRA.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by _____, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (HRA), a public body corporate and politic under the laws of Minnesota, on behalf of the HRA.

Notary Public

BUYER

STATE OF MINNESOTA)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by _____.

Notary Public

EXHIBIT A

**RICHFIELD REDISCOVERED
PROCEDURAL GUIDELINES
REDEVELOPMENT CREDIT PROGRAM**

Revised: February 21, 2017

PROGRAM OBJECTIVES..... 3

DEFINITIONS..... 3

PROGRAM BASICS 3

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GENERAL PROGRAM MARKETING 9

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

I. Program Objectives

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

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

II. Definitions

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

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

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

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

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

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

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

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

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

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

III. Program Basics

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

- A Buyer, and all members of his/her household, is only eligible to receive a Redevelopment Credit once every seven years

IV. Application Requirements

The following must be submitted for application to the program:

1. \$550 application fee
An application fee, in the form of a certified cashier's check made out to the Richfield HRA, must be paid at the time of application. This fee is non-refundable and is not part of the lot price.
2. Project Information Sheet
3. Purchase agreement
The Buyer must present a valid purchase agreement for the lot it proposes to redevelop. The closing must be scheduled after the date of the HRA meeting.
4. Blueprints
The layout of all levels, including basement and unfinished space, must be provided.
5. Elevations
Elevations of all four sides of the house, including view of garage shall be provided.
6. Site plan
The site plan shall indicate the location of the new house, walkways and garage.
7. Landscaping plan
A landscaping plan may be hand-drawn by the applicants, but must indicate the location and type of trees, shrubbery, flowers and landscaping materials (e.g. rocks, mulch). The entire grounds shall be landscaped and be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend neatly with adjoining properties. Specific lot line blending requirements may be required, as appropriate, for specific sites.
8. Green Community Concepts Plan
The plan should indicate what Green Community Concepts will be incorporated into the project.
9. Detail of construction materials to be used on the project.
10. Construction timeline
Construction must be completed with one year of the purchase of the property.
11. Signed contract with Builder
12. Financial capability statement
 - a. A statement from a financial institution indicating willingness, with standard contingencies, to provide sufficient construction capital to complete the project.
13. Builder References
 - a. Five previous customers
 - b. Three major suppliers, one being the construction supplier
 - c. Building inspectors from two cities where the Builder has constructed new housing within the past three years
14. Proof of Builder's Comprehensive General Liability with Property Damage Protection.

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

16. Written warranty program

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

V. Securing a Site

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

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

VI. Property Evaluation Considerations and Procedures

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

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

Criteria A

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

Criteria B

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

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

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

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

VII. House Design and Site Development Requirements

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

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

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

A. New Home Standards

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

B. Site Standards

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

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

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

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

4. All air conditioning units must be located in the rear yard of the house or as approved by the HRA.

C. Construction Requirements

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

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

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

D. General Standards

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

attenuation building standards as required by Zoning Ordinance Section 541.19 for properties located within the 2007 60-62 DNL Contour and 2007 63 or greater DNL contours.

10. If a variance is required to construct the proposed development, the HRA may, at its sole discretion, choose to reject the application.
11. If the HRA accepts an application that needs a variance(s), sale of the property will be contingent upon the applicant obtaining the necessary variance(s). The Applicant is responsible for applying for the variance(s) at its own expense.

E. Green Community Concepts

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

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

VIII. City Review Procedure

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

IX. Disbursement of Funds

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

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

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

X. Solicitation of New Development Proposals

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

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

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

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

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

XI. General Program Marketing

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

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

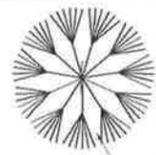
XII. Data Privacy

The HRA is subject to Minnesota Statutes Chapter 13 (the "Minnesota Government Data Practices Act"). Under the Minnesota Government Data Practices Act, the names and addresses

of applicants for or recipients of assistance under this program and the amount of assistance received under this program are public data. All other financial information submitted to the HRA for purposes of the program application is considered private data.

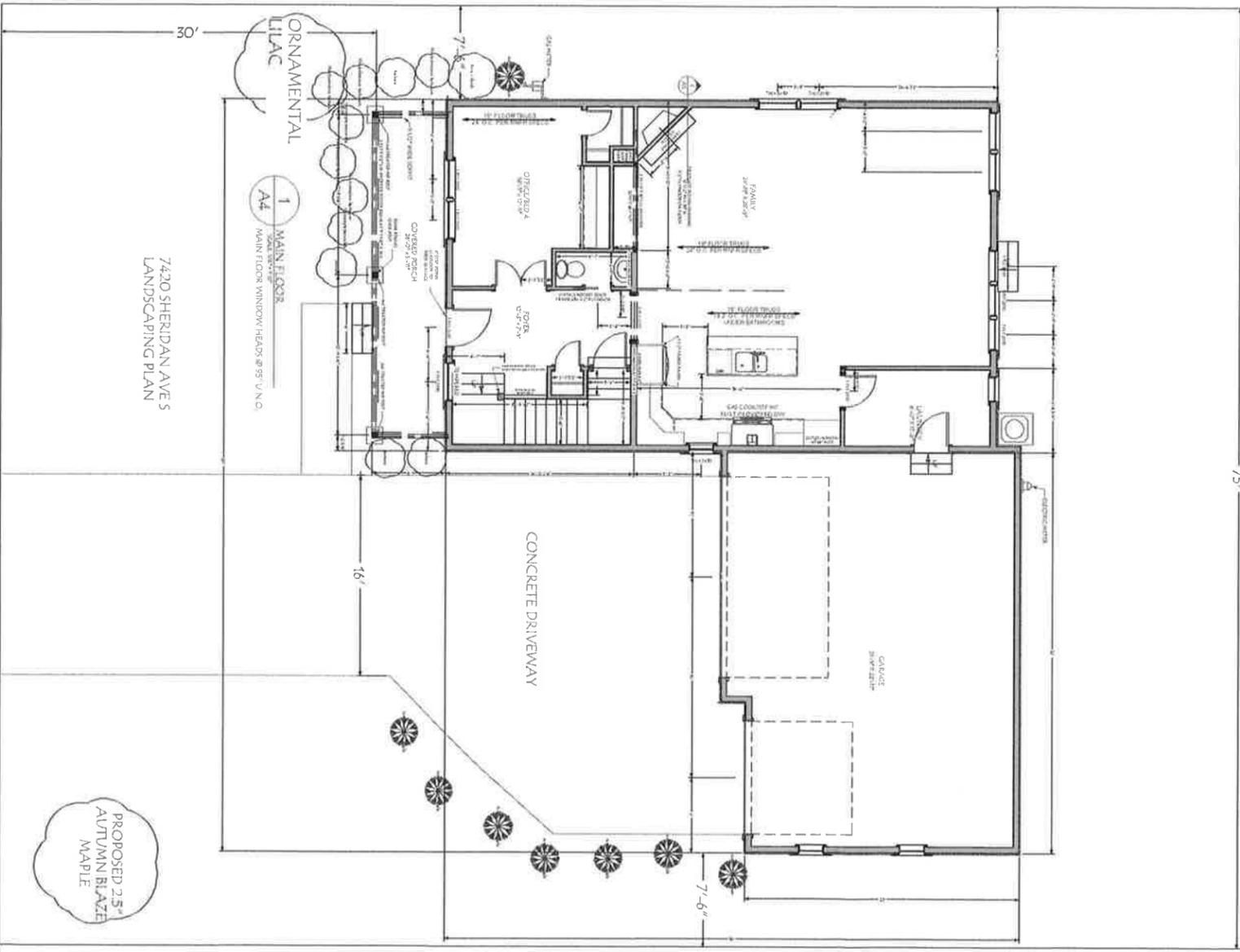


1420



EXISTING PINE

75'



7420 SHERIDAN AVE S
LANDSCAPING PLAN



2
A1 RIGHT ELEVATION
SCALE: 1/4" = 1'-0"



1
A1 FRONT ELEVATION
SCALE: 1/4" = 1'-0"

ALL DIMENSIONS TO OS SHEATHING
BUILDING TO BE CONSTRUCTED PER
IRC 2012 CODE W/ MN AMENDMENTS

NO.	DESCRIPTION	BY	DATE

SHEET TITLE:
SHEET TITLE

PROJECT DESCRIPTION:
Wheat Ridge Hipped 3 Car Alt FP

DRAWINGS PROVIDED BY:
Endres Custom Homes
15690 Duck Trail Lane
Apple Valley, MN 55124

DATE:
10/31/2018

SCALE:

SHEET:
A-1



LEFT ELEVATION

SCALE: 1/4" = 1' 0"

2
A2



REAR ELEVATION

SCALE: 1/4" = 1' 0"

1
A2

NO.	DESCRIPTION	BY	DATE

SHEET TITLE
SHEET TITLE

PROJECT DESCRIPTION:
Wheat Ridge Hipped 3 Car Alt FP

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Endres Custom Homes
15690 Duck Trail Lane
Apple Valley, MN 55124

DATE:

10/31/2018

SCALE:

SHEET:

A-2

ITEM	DESCRIPTION OF BUILDING ELEMENT	NUMBER AND TYPE OF FASTENERS	SPACING OF FASTENERS
1	Blocking between joists or rafters to top plate, toe nail	2-5d (2" x 0.113")	—
2	Ceiling joist to plate, toe nail	2-5d (2" x 0.113")	—
3	Ceiling joist attached to parallel rafter, lips over parallel face nail	3-10d	—
4	Ceiling joist to rafter, face nail on 1/2" x 20 gage edge strap	3-10d (3" x 0.135")	—
5	Rafter on roof truss to plate, toe nail	3-16d box nail (3" x 0.135") or 3-10d common nail (3" x 0.148")	1 toe nail on each side of rafter or truss
6	Rafter on ridge, valley or hip rafter, toe nail face nail	4-16d (3" x 0.135") or 4-16d (3" x 0.148")	—
7	Shut-up stud, face nail	10d (3" x 0.135")	3d" o.c.
8	Shut-up stud in intersecting wall corners, face nail	16d (3" x 0.135")	12" o.c.
9	Shut-up stud, no-gauge web, 1/2" spacer	16d (3" x 0.135")	16" o.c. along each edge
10	Continuous header, two pieces	16d (3" x 0.135")	16" o.c. along each edge
11	Continuous header to stud, face nail	4-5d (2" x 0.113")	—
12	Double stud, face nail	10d (3" x 0.135")	3d" o.c.
13	Double top plate, face nail	10d (3" x 0.135")	3d" o.c.
14	Double top plate, minimum 24-inch offset of end joist, face nail on lapped ends	6-16d (3" x 0.135")	—
15	Side plate to joist or blocking, face nail	16d (3" x 0.135")	16" o.c.
16	Side plate to joist or blocking at framed wall panel	3-16d (3" x 0.135")	18" o.c.
17	Stud to sole plate, toe nail	2-5d (2" x 0.113")	—
18	Top or sole plate to stud, end nail	2-16d (3" x 0.135")	—
19	Top plates, laps at corners and intersections, face nail	2-10d (3" x 0.125")	—
20	1" x 6" shoring to each stud and plate, face nail	2-5d (2" x 0.113")	—
21	1" x 6" shoring to each bearing, face nail	2-5d (2" x 0.113")	—
22	1" x 8" shoring to each bearing, face nail	2-5d (2" x 0.113")	—
23	1" x 8" shoring to each bearing, face nail	4-5d (2" x 0.113")	—
24	Joist to sill or ground, toe nail	3-5d (2" x 0.113")	—
25	Flashed joist on top plate, toe nail (roof applications only)	3d (2" x 0.113")	8" o.c.
26	Flashed joist on blocking to sill plate, toe nail	3d (2" x 0.113")	8" o.c.
27	1" x 6" subfloor or less to each joist, face nail	2-5d (2" x 0.113")	—
28	1" x 6" subfloor or less to gable, head and face nail	2-16d (3" x 0.135")	at each bearing
29	1" x 6" subfloor to beam - floor at roof	2-16d (3" x 0.135")	at each bearing
30	Blocking girders and beams, 2-inch lumber layers	10d (3" x 0.135")	2nd and 3rd layers as follows: 2d" o.c. at top and bottom and 16" o.c. in between. Two nails at each end.
31	Edges of top supporting joists or rafters	3-16d (3" x 0.135")	At each joist or rafter
Wood structural panels, sheathing, wall and ceiling wall sheathing to framing and partition wall sheathing to framing			
32	1/2" OSB	6d common (2" x 0.113") nail (subfloor, ceiling) or 6d common (2" x 0.135") nail (wall)	6 12"
33	1/2" OSB	6d common (2" x 0.113") nail	6 12"
34	1/2" OSB	10d common (3" x 0.148") nail or 6d (2" x 0.113") nail (deflection nail)	6 12"
Other wall sheathing			
35	1/2" gypsum sheathing	1" galvanized roofing nail, 1" o.c. or 1" o.c. max. single 16 ga. 1" long	3 6"
36	5/8" structural cellulose sheathing	1" galvanized roofing nail, 1" o.c. or 1" o.c. max. single 16 ga. 1" long	3 6"
37	1/2" gypsum sheathing	1" galvanized roofing nail, single galvanized, 1" long, 1" o.c. max. Type W or S	7 7"
38	1/2" gypsum sheathing	1" galvanized roofing nail, single galvanized, 1" long, 1" o.c. max. Type W or S	7 7"
Wood structural panels, sheathing, wall and ceiling wall sheathing to framing			
39	1/2" OSB	6d common (2" x 0.113") nail or 6d common (2" x 0.135") nail	6 12"
40	1/2" OSB	6d common (2" x 0.113") nail or 6d common (2" x 0.135") nail	6 12"
41	1/2" OSB	10d common (3" x 0.148") nail or 6d common (2" x 0.113") nail	6 12"

For SI: 1 inch = 25.4 mm, 1 foot = 304.8 mm, 5 nails per line = 0.447 m, 1 1/2 inch = 38.1 mm

1. All nails are smooth-shank, hot or cold-chamber treated, unless otherwise noted. Nails used for sheathing and blocking connections shall have minimum average breaking load strengths as shown. 8d is the design diameter of 0.135 inch (3.43 mm) for nails with diameters larger than 0.141 inch and for any larger than 0.177 inch, and 10d for nails with diameters of 0.142 inch or less.

2. Staples are 14 gage wire and have a minimum 1/2" x 1/2" x 1/2" size.

3. Nails shall be spaced on one side of a double end joist or rafter at all supports where spans are 40 feet or greater.

4. Truss-to-roof or floor-to-4-foot by 8-foot panels shall be applied vertically.

5. Spacing of fasteners on attached end joist shall be based on Table R602.7(1).

6. For regions having basic wind speed of 130 mph or greater, 8d common (2" x 0.113) nails shall be used for blocking between stud and wood structural panel roof sheathing to framing within maximum 40-inch distance from panel end/edge, if same roof design to same data 21 down to 31 down maximum.

7. The fastener spacing for basic wind speed of 130 mph or less, shall be the maximum wind structural panel roof sheathing to plate and roof framing shall be spaced at 16 inches on center. Where basic wind speed is greater than 130 mph, shall be the maximum wind structural panel roof sheathing to plate and roof framing shall be spaced at 16 inches on center. 40-inch distance from edges, areas and plate and walls, and 4 inches on center to plate and wall framing.

8. Optional blocking and sheathing to framing shall be installed in accordance with G-1.1. The roof sheathing shall conform to AS2464.001.

9. Spacing of fasteners on face sheathing panel edges applied to panel edges supported by framing members and required blocking nail in floor perimeter edge. Spacing of fasteners on roof sheathing panel edges applied to panel edges supported by framing members and required blocking. Blocking of roof or face sheathing panel edges perpendicular to the framing members shall be provided except as required by other provisions of this code. Floor perimeter shall be supported by framing members or solid blocking.

10. When a rafter is blocked to an adjacent parallel ceiling joist to provide roof sheathing, provide two nails on one side of the rafter and two nails from the ceiling joist to the rafter in accordance with this schedule. The two nails on the opposite side of the rafter shall not be required.

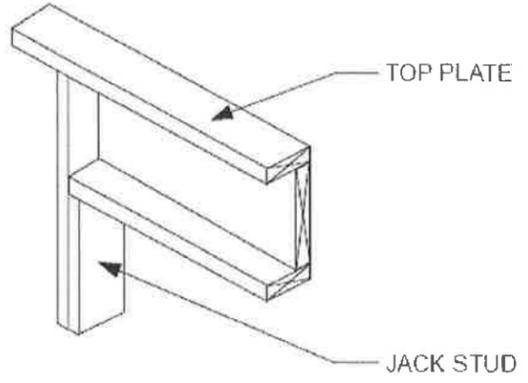
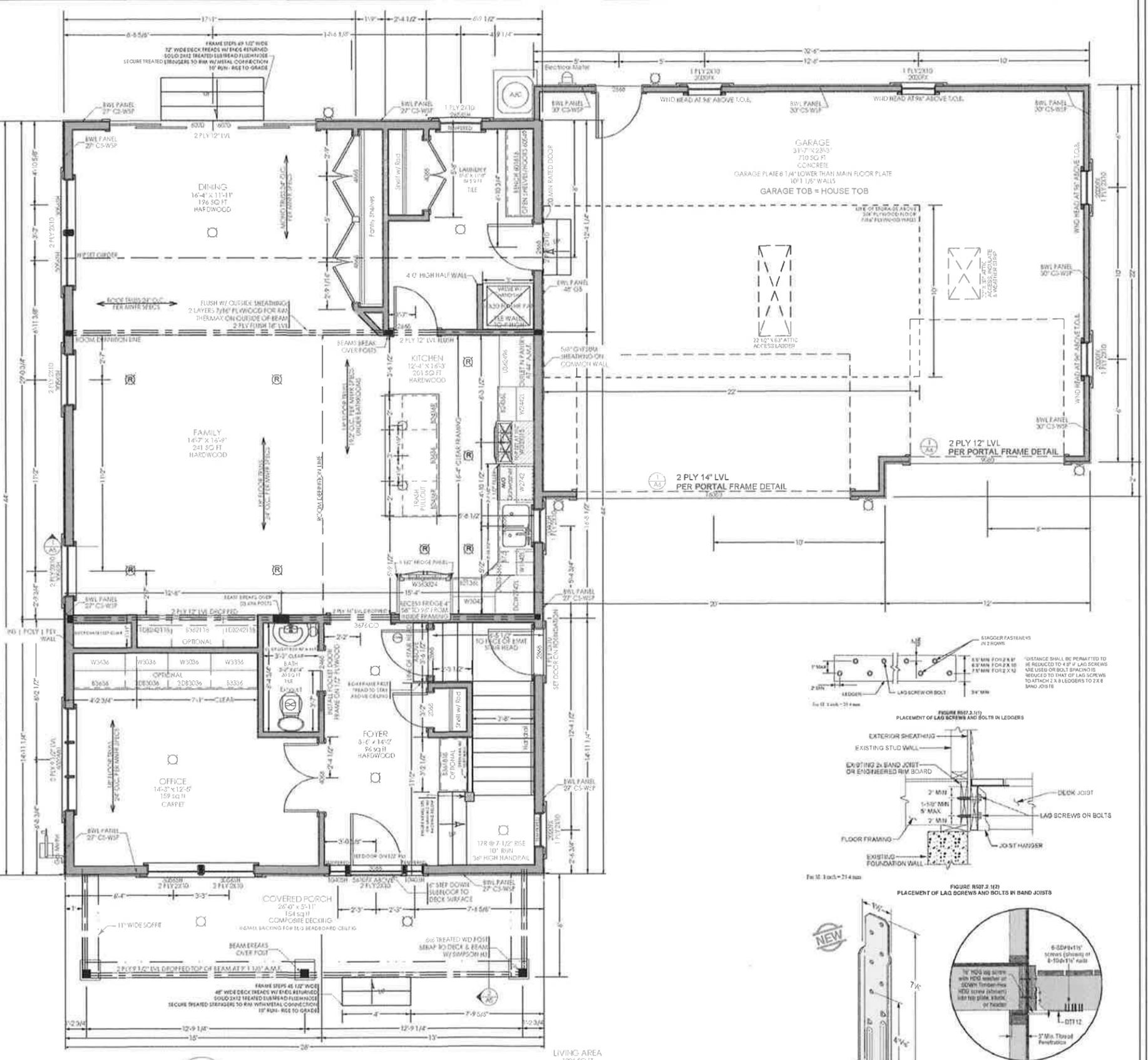
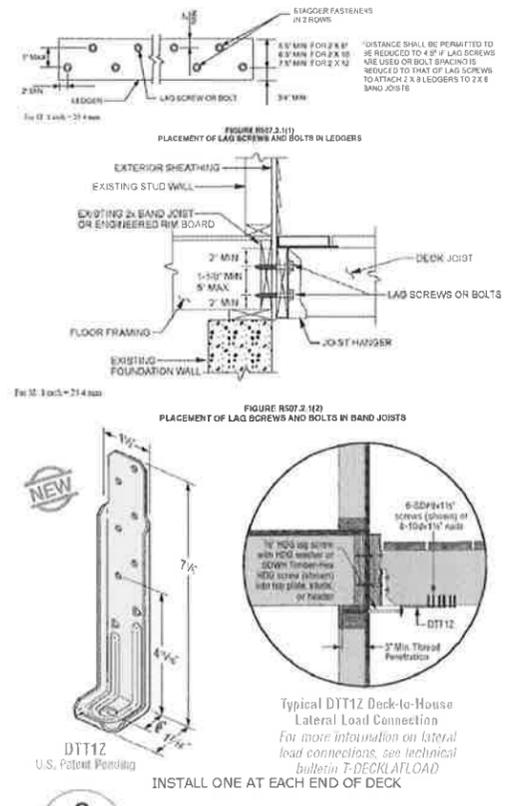


FIGURE R602.7.1(2) ALTERNATIVE SINGLE MEMBER HEADER WITHOUT CRIPPLE



1 A4 MAIN FLOOR SCALE: 1/4" = 1'-0" MAIN FLOOR WINDOW HEADS @ 95" U.N.O. ALL DIMENSIONS TO OUTSIDE SHEATHING



2 A4 DECK CONNECTION DETAILS

NO.	DESCRIPTION	BY	DATE

SHEET TITLE: WHEAT RIDGE HIPPED 3 CAR ALT FP

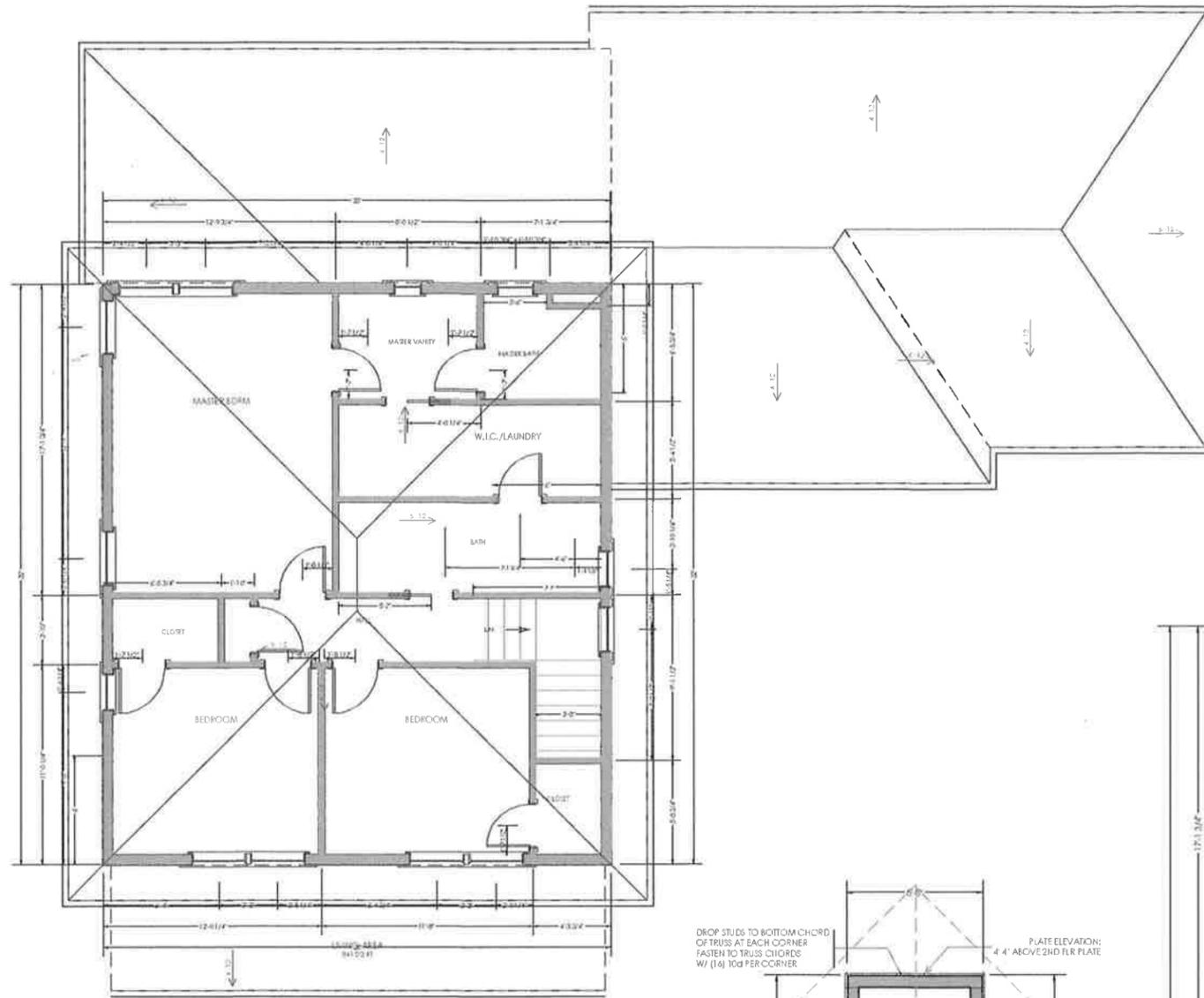
PROJECT DESCRIPTION: Wheat Ridge Hipped 3 Car Alt FP

DRAWINGS PROVIDED BY: Endres Custom Homes
15690 Duck Trail Lane
Apple Valley, MN 55124

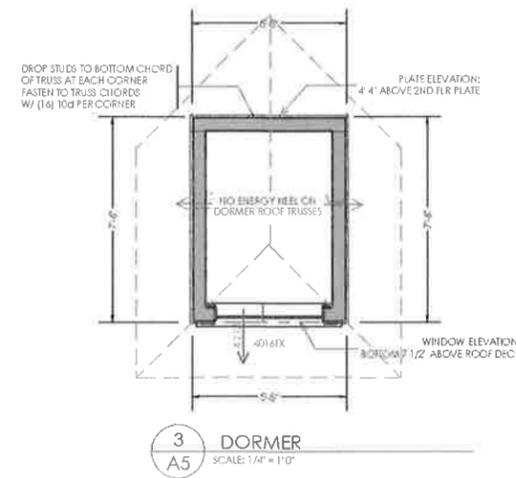
DATE: 10/31/2018

SCALE:

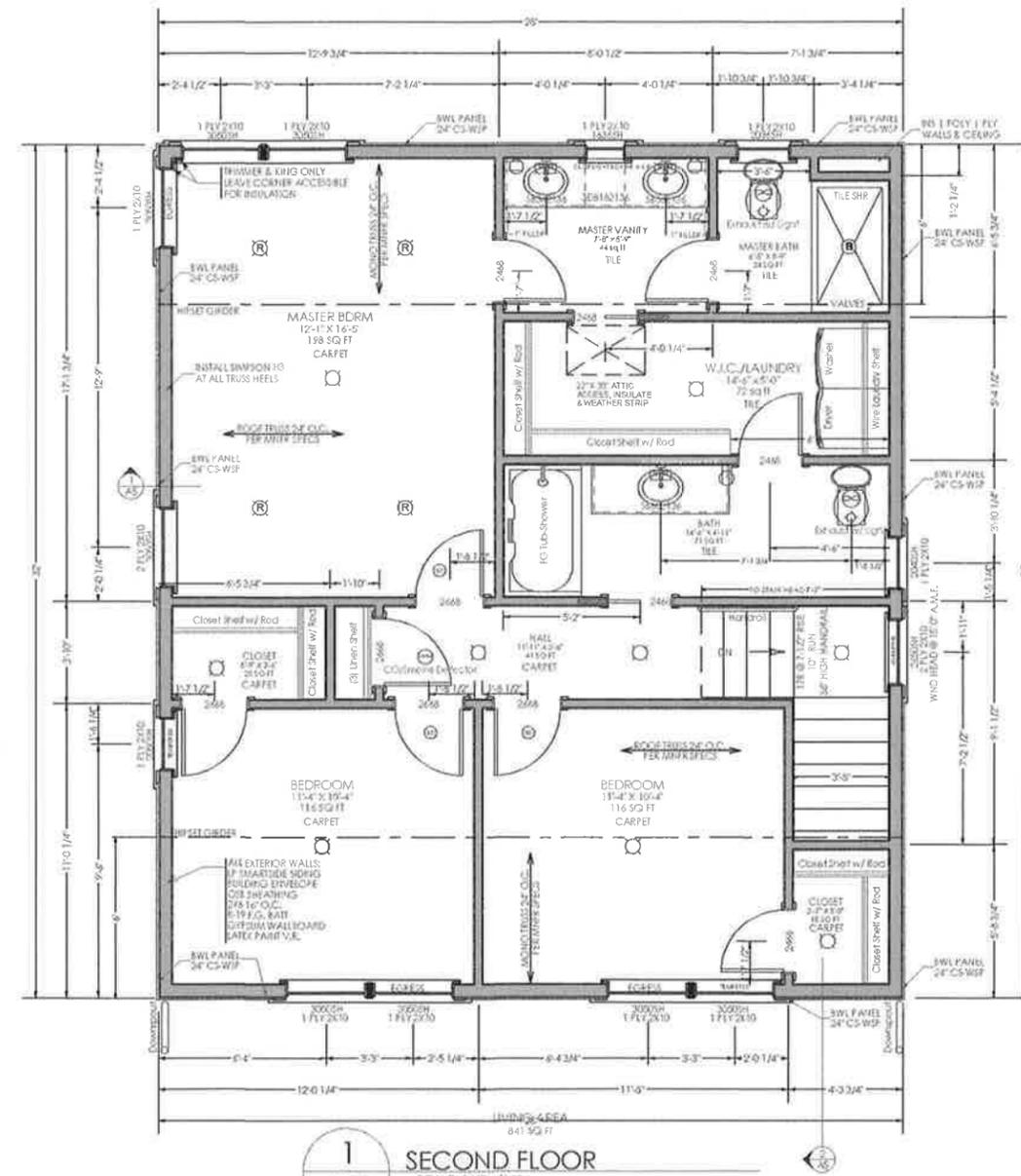
SHEET: A-4



2
A5 ROOF PLAN
SCALE: 3/16" = 1'



3
A5 DORMER
SCALE: 1/4" = 1'0"



1
A5 SECOND FLOOR
SCALE: 1/4" = 1'0"

2ND FLOOR WINDOW HEADS @ 83" U.N.O.
ALL DIMENSIONS TO OUTSIDE SHEATHING

MN Mechanical Ventilation Systems 1322.1104 Section N1104 Table N1104.2

Total Ventilation 115 cfm
Continuous Ventilation 58 cfm

These Numbers are contrived from this formula: Total Ventilation = .02 x square feet of Conditioned Space + (15 x (number of bedrooms + 1))

$$\text{Total Ventilation} = .02 \times 3276 + (15 \times (4 + 1))$$

$$\text{Total Ventilation} = 141 \text{ cfm}$$

The equation for Continuous Ventilation : Total Ventilation / 2
141 / 2 = 61 cfm

$$\text{Continuous Ventilation} = 70.5$$

Total heat needed including ventilation 60,000 btus
Total cooling needed including ventilation 36,118 btus

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SHEET:

A-5