



HOUSING AND REDEVELOPMENT AUTHORITY AGENDA

Tuesday, October 2, 2012

6:50 p.m.

Coon Rapids City Center

Council Chambers

Call to Order

Roll Call

Approval of Minutes of Previous Meeting

September 18, 2012, HRA Meeting

New Business

1. Approve Development Agreement, Twin Cities Habitat for Humanity, 9911 Larch Street NW

Other Business

Adjourn



AI-687

HRA Regular

Meeting Date: 10/02/2012

SUBJECT:

Attachments

9-18-12 HRA Minutes

UNAPPROVED

HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF SEPTEMBER 18, 2012

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order by Chair Howe at 6:52 p.m. on July 17, 2012, in the Council Chambers.

Members Present: Chair Tim Howe, Commissioners Denise Klint, Melissa Larson, Paul Johnson, Jerry Koch, Bruce Sanders, Scott Schulte

Members Absent: None

CALL TO ORDER

Chair Howe called the meeting to order at 6:52 p.m.

ROLL CALL

All present.

APPROVAL OF MINUTES OF JULY 17, 2012

MOTION BY COMMISSIONER SANDERS, SECONDED BY COMMISSIONER SCHULTE, TO APPROVE THE MINUTES OF THE JULY 17, 2012, HRA MEETING AS PRESENTED. THE MOTION PASSED 7-0.

1. CONS. RESOLUTION HRA 12-1 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE PURCHASE AGREEMENTS AND ALL RELATED INSTRUMENTS FOR UP TO THREE PROPERTIES FOR THE SCATTERED SITE PROGRAM

Community Development Specialist Matt Brown stated the HRA is asked to consider the sale of a single-family lot at 9943 Ibis Street acquired as part of the Scattered Site Acquisition program.

The property at 9943 Ibis Street was acquired through the SSA program in 2002 for \$92,000. The house located on the property was demolished. Morning Sun Homes has offered \$45,000 for the lot, which reflects current market value. The buyer proposes to construct a house that meets the HRA's established design criteria. Morning Sun is working with the eventual owner-occupant of the house. Staff feels that the design is compatible with surrounding houses.

A purchase and redevelopment agreement for the property, which includes the proposed house plan, was shared. The agreement binds the buyer to constructing the proposed house by May 31, 2013 and also provides for the return of title to the HRA if the buyer should fail to perform as agreed.

Staff recommends that the HRA:

- a. Conduct a public hearing.
- b. Approve the purchase and redevelopment agreement with Morning Sun Homes, Inc. for lot at 9943 Ibis Street.
- c. Authorize the Chair and Secretary to execute the deed.
- d. Authorize Staff to execute other closing documents as necessary to close on the property.

Being no comments, Chair Howe opened and closed the public hearing at 6:54 p.m.

Commissioner Koch noted the exhibits were not included in the presented agreement. Community Development Specialist Brown stated the exhibits were included in the original agreement.

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER KLINT, TO APPROVE PURCHASE AND REDEVELOPMENT AGREEMENT WITH MORNING SUN HOMES, INC., AUTHORIZE CHAIR AND SECRETARY TO EXECUTE DEED, AND AUTHORIZE STAFF TO EXECUTE OTHER CLOSING DOCUMENTS AS NECESSARY. THE MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

There was no other business to come before the HRA.

ADJOURN

MOTION BY COMMISSIONER LARSON, SECONDED BY COMMISSIONER SANDERS, TO ADJOURN THE JULY 17, 2012, MEETING AT 6:58 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Cathy Sorensen
City Clerk



AI-678

1.

HRA Regular

Meeting Date: 10/02/2012

Subject: Development Agreement, 9911 Larch St., Twin Cities Habitat for Humanity

From: Matt Brown, Community Development Specialist

INTRODUCTION

The HRA is asked to consider a development agreement with Twin Cities Habitat for Humanity and funding for demolition of an existing house and construction of a new house at 9911 Larch Street.

DISCUSSION

The house at 9911 Larch Street is in very poor condition and has been repeatedly cited for building and property maintenance violations. Anoka County acquired the property with federal Neighborhood Stabilization Program funds and donated it to Twin Cities Habitat for Humanity. Habitat initially intended to rehab the house, but later determined that rehab would be too costly. Instead, Habitat now proposes demolishing the existing house and constructing a new 4 bedroom, 2 bath house. The proposed house would be 1,514 square feet and its design meets the HRA's Design Criteria for Scattered Site lots. Habitat will sell the house to a family earning less than 50% of the area median income that has completed homeownership classes, put 300 to 500 hours of "sweat equity" into the house, and demonstrated an ability to pay Habitat's 0% interest mortgage. Habitat has secured HOME funds from Anoka County to assist with construction and has approached City Staff about providing \$13,000 to assist with demolition costs.

Staff has reviewed a project pro forma and believes Habitat's proposal represents a good investment in the Woodcrest neighborhood. The proposed house is consistent in design to surrounding houses and include high-quality exterior materials. Habitat is currently completing construction of a similar house next door at 9901 Larch Street. The HRA provided funding for demolition costs for that project. Habitat is also rehabbing a house at 9900 Norway Street. Staff recommends approving the attached development agreement with Habitat, which provides \$13,000 in Scattered Site funds to assist with demolition costs. If the new house is not completed by December 31, 2013, funds must be returned to the HRA.

ALIGNMENT WITH STRATEGIC VISION

This item relates to the **Housing/Neighborhoods** section of the 2030 Strategic Vision in the following way:

Encourage improvement of housing in older residential areas.

RECOMMENDATION

Staff recommends that the HRA approve the development agreement with Twin Cities Habitat for Humanity, providing a \$13,000 grant to assist with demolition and site preparation costs at 9911 Larch Street NW.

Fiscal Impact

BUDGET IMPACT:

Sufficient funds exist in the HRA account for this project.

Attachments

House Plan, Pro Forma

Location Map

Development Agreement



September 14, 2012

Matthew Brown
City of Coon Rapids
Community Development Department
11155 Robinson Drive
Coon Rapids, MN 55433

Dear Matt,

Thanks again for your time visiting our sites and for discussions of funding for 9911 Larch.

This letter serves as a request for \$13,000 in funding from Coon Rapids and the HRA to support work at 9911 Larch. Funds will be used to cover the costs of demolition of the property.

We had originally hoped to rehab the home, but as our tour showed, the property is too small for a Habitat family and in too poor shape to be rehabbed in a cost effective way. Instead, with the support of the HRA we will demolish the home this fall so that we can get a foundation in the ground before winter and be ready for a spring 2013 start with our volunteers. That timing will also help us to comply with our HOME requirements on the project.

I have attached a pro-forma outlining sources and uses for the project, including valuation of the land as both a cost and a donation based on current tax-assessed value of the land only. Additional sources include HOME funds through Anoka County, Habitat's private funding sources, and the SHOP program which we access through Habitat for Humanity International.

We have included a soil correction contingency for the project based on our experience next door at 9901 Larch, though initial soil reports indicate good soils.

The plans and elevations I provided at the site visit in August and that I have reattached with this letter are based in part on the requirements included in the prior development agreement for 9901 Larch. With this unit, as with at 9901 Larch, we have designed a unit that will integrate well in the surrounding community and that will meet the development criteria of the HRA and the city.

As we have discussed, we will not demolish the home until the HRA has decided on funding the project. I understand from our discussion that the next step is staff discussion and presentation at the October 2nd board meeting. Please let us know about progress towards a redevelopment agreement draft and how else we can assist you in preparation for that meeting.

Thank you,

A handwritten signature in black ink, appearing to read "Mike Radcliffe". The signature is fluid and cursive.

Mike Radcliffe
Public Funding and Government Relations Specialist
Twin Cities Habitat for Humanity

**Preliminary Sources and Uses
Twin Cities Habitat for Humanity
9911 Larch St. NW, Coon Rapids MN**

Item	Use Description	Amount
1.0	Land Acquisition and Demolition	
1.1	Land (valuation based on tax assessed value of lot only)	\$48,600
1.2	Demolition	
1.21	environmental testing	\$1,000
1.22	abatement	\$3,000
1.23	demolition	\$9,725
2.0	Infrastructure and Soil Stabilization	
2.1	Sewer and Water	\$1,750
2.2	Soil stabilization contingency*	\$10,000
3.0	Construction	
3.1	Construction Costs (includes excavation and site grading)	\$107,500
4.0	Legal, Title, and Holding Costs	
4.1	Closing Costs	\$2,000
4.2	Property Taxes During Construction	\$2,400
5.0	Professional Fees	
5.1	Appraisals	\$350
5.2	Survey	\$1,350
6.0	Developer Staff Costs	
6.1	Project management and volunteer support staff costs	\$18,000
6.2	Site supervisors staff costs	\$5,300
6.3	Family Services staff costs family selection and homeownership training)	\$5,700

Uses Total: \$216,675

Item	Committed Source Description	Amount
7.0	Development Sources	
7.1	Donation of lot through Anoka County	\$48,600
7.2	Anoka County HOME funding	\$64,000
7.3	TCHFH Volunteer and Private Sponsorships	\$60,000
7.4	TCHFH Annual Fund	\$3,075
7.5	TCHFH In-Kind Donation of Materials and Services	\$9,000
7.6	Self-Help Homeownership Opportunity Program (SHOP)*	
7.6.1	Grant	\$14,250
7.6.2	Loan	\$4,750

Committed Sources Subtotal: \$203,675

Item	Gap Source Description	Amount
8.0	Gap Needed	
8.1	City of Coon Rapids/Coon Rapids HRA	\$13,000

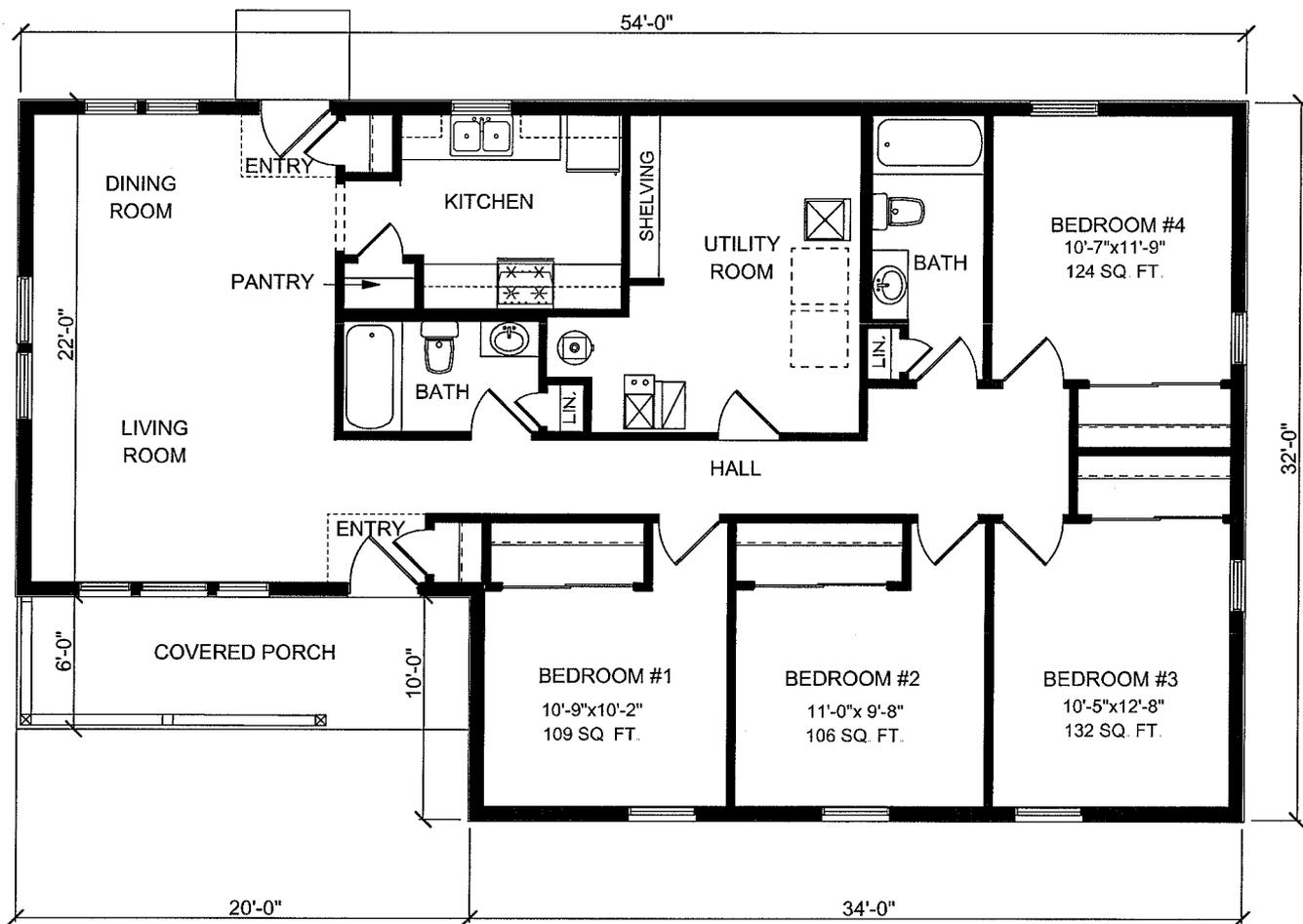
Gap Source Subtotal: \$13,000

Sources Total: \$216,675

* initial soil tests indicate no needed soil correction. A contingency is included that can be funded with SHOP funds as budgeted above. If not used, SHOP funds as a source would reduce by \$10,000 based on eligible expenses for the SHOP program.



RENDERING MAY NOT REFLECT ACTUAL
CONSTRUCTED HOUSE



3001 4TH ST. SE
MINNEAPOLIS, MN 55414-3301

OFFICE: 612-331-4090
FAX: 612-331-1540

SINGLE FAMILY DWELLING

9911 Larch St. NW,
Coon Rapids, MN 55433

MODEL: 22R4-2 I

UNFINISHED SQ. FT. = 156
FINISHED SQ. FT. = 1358
TOTAL SQ. FT. = 1514



DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is made and entered into as of the ____ day of _____, 2012, by and between the Housing and Redevelopment Authority in and for the City of Coon Rapids (the "HRA") and Twin Cities Habitat for Humanity, a Minnesota nonprofit corporation (the "Developer");

RECITALS

WHEREAS, the HRA has the powers provided in Minnesota Statutes, Sections 469.001 to 469.047 (collectively, the "Act"); and

WHEREAS, pursuant to and in furtherance of the objectives of the Act, the Authority has undertaken to provide financial support to the Developer within the City of Coon Rapids for the demolition of the existing single family home and attached garage and construction of a new single family home on a residential lot that otherwise qualifies as a "scattered site" lot; and

WHEREAS, rather than the HRA acquiring the lot and deeding it to the Developer, the Developer will acquire the lot and the HRA will contribute financially to demolish the existing single family home and attached garage on the lot and ready the site for the construction of a single family home that meets the Developer's program standards; and

WHEREAS, the HRA has approved the financial contribution as being in the best interests of the public and that the terms of this agreement furthers the HRA's and the City's plans for neighborhood stabilization and economic development; and

WHEREAS, the Developer proposes to construct on the property a single family home with an estimated market value of \$150,000; and

WHEREAS, the Developer is willing to purchase the Property and accept the HRA financial contribution in accordance with this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and obligations of the

HRA and the Developer, each party does hereby represent, covenant and agree with the other as follows:

ARTICLE 1

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Developer" means Twin Cities Habitat for Humanity, a Minnesota nonprofit corporation.

"Development Property" means the real property and improvements thereon located at 9911 Larch Street NW in Coon Rapids, Minnesota.

"Grant" means the funds granted by the HRA to the Developer pursuant to this Agreement.

"Grant Proceeds" means the funds disbursed to the Developer pursuant to this Agreement and any proceeds thereof.

"HRA" means The Housing and Redevelopment Authority in and for the City of Coon Rapids.

"Minimum Improvements" means the Developer's construction of single-family dwelling and retention of the existing detached garage at the Development Property built in a manner substantially similar to the plans submitted to and approved by the HRA on October 2, 2012 and which is attached to this Agreement as Exhibit A. HRA acknowledges that plans are subject to change pending accommodation of homebuyer needs. Substantial modification to the exterior design of the house or change in selected model will be submitted to HRA staff for approval. The Minimum Improvements shall be built in accordance with the Site and Building Standards attached as Exhibit B and have a minimum appraised value of \$150,000.

"Project" means the demolition of the existing single-family house on the Development Property and construction of the Minimum Improvements.

ARTICLE 2

Agreement

Section 2.1. Grant. The HRA will contribute to the project the cost of hazardous material

removal, water and sewer disconnect, and demolition of the existing structure on the Development Property, not to exceed \$13,000. This contribution is consistent with the goals of the City's scattered site acquisition program. The HRA makes no representations as to the condition of the property or as to contamination on the site. The Developer's purchase of the Property is at the sole risk of the Developer.

Section 2.2. Disbursement of Funds. Grant Proceeds will be disbursed upon execution of this agreement, proof by Developer of acquisition of the property, and receipt of invoices for expenses that will be reimbursed by the proceeds. The Developer will provide an accounting of all costs incurred for the Project after the Project is completed.

Section 2.3. Deadline for Construction. Construction of the minimum improvements on the property must be substantially completed by December 31, 2013. The project shall be judged to have been "substantially completed" when the Minimum Improvements have been completed and a final Certificate of Occupancy has been issued by the Building Official.

Section 2.4. Habitat Project. The HRA acknowledges that the Developer intends to construct the minimum improvements in "habitat" fashion, using substantial volunteer labor, donated materials, and contributed funds from various sources. Nonetheless, the Developer acknowledges that the minimum improvements must be constructed in full compliance with the City's building code, zoning and related ordinances and other relevant codes and regulations. The single family residential unit will be sold to a Homeowner who is qualified by income and otherwise as a participant in the Developer's programs.

Section 2.5. Representation as to Redevelopment. The Developer represents and agrees that its undertakings pursuant to the Agreement are for the purpose of development of the Property and not for speculation in landholding. The Developer further recognizes that, in view of the importance of the development of the property to the general welfare of the City and the HRA for the purpose of making development possible, this Agreement is entered into by the HRA on the basis of the qualifications and identity of the Developer.

Section 2.6. Indemnification. The Developer hereby agrees to protect, defend and hold harmless the City and the HRA from and against any loss, cost, fines, charges, damages and expenses, including reasonable attorneys' fees and related litigation expenses arising out of the design, construction, reconstruction, maintenance, repair, marketing, sales or leasing of all or any part of the Property or otherwise arising out of the HRA's obligations under this Agreement. This indemnity shall survive the delivery of the certificate of occupancy. Notwithstanding the foregoing, the Developer shall not be liable for or be required to indemnify against liability caused by any intentional act of the City or the HRA. Nothing contained in this Agreement shall be construed as a waiver or modification of immunity or limitation on liability to which the City or the HRA are entitled pursuant to Minn. Stat. Section 466, or otherwise.

Section 2.7. Exemption from Business Subsidy Act. The Developer and the HRA agree that the provision of decent, safe and sanitary housing to persons who qualify under the Developer's program guidelines make the HRA grant funds exempt from the Minnesota Business Subsidy

Act.

ARTICLE 3

EVENTS OF DEFAULT

Section 3.1. 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 of the Developer to observe and substantially perform any covenant, condition, obligation or agreement on its part to be observed or performed under any provision of this Agreement;

(b) Failure by the Developer to sell the single family residential unit constituting the minimum improvements to a qualified Homeowner, qualified both by income and other "habitat" program guidelines.

Section 3.2. Remedies. The sole remedy for failure of the Developer to comply with this Development Agreement shall be a return of the Grant Proceeds. If the Minimum Improvements are not completed by December 31, 2013, all Grant Proceeds must be returned to the HRA. If the Grant Proceeds are not returned to the HRA within thirty days of written notice to the Developer the obligation to repay the Grant Proceeds shall become an assessment on the Property.

IN WITNESS WHEREOF, the HRA has caused this Agreement to be duly executed in its name and behalf and the Developer has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF COON RAPIDS**

By _____

Tim Howe, Chair

By _____

Paul Johnson, Secretary

APPROVED AS TO FORM

By _____

David Brodie, City Attorney

TWIN CITIES HABITAT FOR HUMANITY, a Minnesota nonprofit corporation

By _____

Name _____

Its _____

Exhibit A - House Plans

Exhibit B - Site and Building Standards

These standards are intended to ensure that new homes will be compatible with the surrounding area and display high-quality design characteristics. In addition, all plans must meet zoning and building code requirements.

1. Interior Building Design

- The home shall be single-family and owner-occupied.
- Minimum of three bedrooms and two full bathrooms, and a full basement, unless precluded by soil conditions.
- Value added amenities such as greatrooms, dens or porches are required.
- Energy efficient products and construction techniques are encouraged. The HRA will consider a reduced sale price for a LEED certified project.

2. Exterior Building Design

- The new structure shall be constructed in a manner, quality, and value equal to or better than the surrounding structures. Height and mass should be as compatible with the scale of the surrounding neighborhood as possible. Two story homes on a block of one story homes can be designed with compatible style and finishes. Architectural details such as roofline, gables, and window detailing shall be as compatible with existing buildings in the neighborhood as possible given the other objectives of this program.
- Windows shall be presented on all building elevations. The front elevation should contain a “feature window” (i.e. large picture window, shutters) to add interest.
- A variety of different exterior materials should be used, such as wood, brick, or stucco, to add contrast. Vinyl siding and similar low maintenance materials are acceptable only in combination with other natural materials.
- The building’s design should emphasize the front door as the focal point, possibly by including a front porch.

3. Garage Design

- The appearance of the garage door should be minimized as much as possible (i.e. separate doors for each stall) and the garage should be located no closer to the street than the house’s front façade line. If a three-car garage is proposed, each stall should have a separate door.

4. Site and Grounds

- The entire ground shall be landscaped to be aesthetically pleasing in all seasons. Land forms and plant materials shall be used to define the site and blend with the adjoining property. Landscaping should shade hardscapes and erosion controls should be installed.
- On lots that contain several mature trees, as many trees as possible should be preserved. Tree wrap reinforcement shall be used on trees directly adjacent to active grading and construction areas.
- If the existing curb cut is not used for a new driveway, it must be removed and replaced with curb.
- Air conditioning units should be located in the rear yard of the house and utility meters should be screened from public view.

Exhibit C – Legal Description of Development Property

Lot 8, Block 11, Woodcrest, Anoka County, Minnesota