

REQUEST FOR COUNCIL ACTION

Date: January 12, 2015
Item No.: 15.a

Department Approval

City Manager Approval



Item Description: Update on Dale Street Fire Station Redevelopment

BACKGROUND

At the January 12 City Council meeting, staff will provide an update on the status of the Dale Street Fire Station Redevelopment and discussions with the Greater Metropolitan Housing Corporation (GMHC). At this point, GMHC has not been able to move forward with the development as they are still securing financing. Staff would like to have discussions with the City Council and HRA about some potential next steps with the property. The Roseville HRA will be discussing the project at its January 20, 2015 meeting.

POLICY OBJECTIVE

The redevelopment of the Dale Street Fire Station will provide for housing types not currently available in Roseville and expand the tax base from underutilized land including the currently tax-exempt fire station property.

BUDGET IMPLICATIONS

Not applicable as part of this discussion

STAFF RECOMMENDATION

No action is required. Item is for informational purposes.

REQUESTED COUNCIL ACTION

No action required.

Prepared by: Patrick Trudgeon, City Manager (651) 792-7021

Attachments: A: Proposed GMHC Development
 B: Pre-development agreement with GMHC

LOVELL AVENUE

DALE STREET NORTH

COPE AVENUE WEST

25 UNITS @ 8.5 UNITS/ACRE
MEDIUM DENSITY RESIDENTIAL DISTRICT (MDR)



ROSEVILLE

Greater Metropolitan Housing Corporation

03.05.2014

CERMAK RHOADES ARCHITECTS

ROSEVILLE HOUSING AND REDEVELOPMENT AUTHORITY

**PRELIMINARY DEVELOPMENT AGREEMENT
(Dale Street Redevelopment)**

THIS AGREEMENT, dated this 19th day of November, 2013, by and between the Roseville Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota ("Authority") and Greater Metropolitan Housing Corporation, a Minnesota nonprofit corporation ("Developer"):

WITNESSETH:

WHEREAS, the Authority and the City of Roseville ("City") each own a portion of certain property within the City, which property is legally described in Exhibit A attached hereto ("Property"); and

WHEREAS, the Developer has submitted a preliminary proposal (the "Proposal") for the acquisition and redevelopment of the Property (the "Development"), which proposal is attached hereto as Exhibit B; and

WHEREAS, the Developer has requested the Authority to explore the use of certain public assistance to assist with the Development; and

WHEREAS, the Authority has determined that it is in the Authority's best interest that the Developer be designated sole developer of the Property during the term of this Agreement; and

WHEREAS, the Authority and the Developer are willing and desirous to undertake the Development if (i) a satisfactory agreement can be reached regarding the Authority's commitment for public costs necessary for the Development; (ii) satisfactory mortgage and equity financing, or adequate cash resources for the Development can be secured by the Developer; and (iii) the economic feasibility and soundness of the Development and other necessary preconditions have been determined to the satisfaction of the parties; and

WHEREAS, the Authority is willing to evaluate the Development and work toward all necessary agreements with the Developer if the Developer agrees to make the nonrefundable deposit described herein, which is intended, in part, to reimburse the Authority for its costs if the Development is abandoned by Developer or necessary agreements are not reached under the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. Negotiations between the parties shall proceed in an attempt to formulate a definitive purchase and redevelopment contract ("Contract") based on the following:

(a) the Developer's Proposal, which shows the scope of the proposed

Development in its latest form as of the date of this Agreement, together with any changes or modifications required by the Authority;

(b) a mutually satisfactory Contract to be negotiated and agreed upon in accordance with negotiations contemplated by this Agreement;

(c) such documentation regarding economic feasibility of the Project as the Authority may wish to undertake during the term of this Agreement; and

(d) other terms and conditions of this Agreement.

2. It is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; and (b) will lead to negotiation and execution of a mutually satisfactory Contract for the Development prior to the termination date of this Agreement. The Contract (together with any other agreements entered into between the parties hereto contemporaneously therewith) when executed, will supersede all obligations of the parties hereunder.

3. During the term of this Agreement, the Developer shall:

(a) Submit to the Authority a design proposal to be approved by the Authority showing the location, size, and nature of the proposed Development, including floor layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of all phases of Development.

(b) Submit an overall cost estimate for the design and construction of the Development.

(c) Submit a time schedule for all phases of the Development.

(d) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as the Developer may desire to further confirm the economic feasibility and soundness of the Development.

(e) Submit to the Authority the Developer's financing plan showing that the proposed Development is financially feasible, and, to the extent Developer seeks public financial assistance in any form (including reduced land cost, waiver of fees, and tax increment financing), evidence that such assistance is reasonably necessary to make the Development financially feasible.

(f) Furnish satisfactory financial data to the Authority evidencing the Developer's ability to undertake the Development.

4. During the term of this Agreement, the Authority agrees to:

(a) Commence the process necessary to undertake such public assistance as is necessary pursuant to the terms of the Proposal, including without limitation

commencement of actions necessary to create a tax increment financing district that includes the Property.

(b) Proceed to seek all necessary information with regard to the anticipated public costs associated with the Development.

(c) Estimate the Authority's level and method of financial participation, if any, in the Development and develop a financial plan for the Authority's participation.

(d) Either acquire the City-owned portion of the Property and grant to the Developer, or cause the City to grant to the Developer, a right of access to the Property for purposes of environmental and soil testing. Developer agrees to indemnify, save harmless, and defend the Authority and City, their officers, and employees, from and against any and all claims, actions, damages, liability and expense in connection with personal injury and/or damage to the Property arising from or out of any occurrence in, upon or at the Property caused by the act or omission of the Developer in connection with Developer's entry on the Property. Further, Developer shall not permit any mechanics', materialmens' or other liens to stand against the Property or any part thereof for work or materials furnished to Developer in connection with the right of entry granted pursuant to this Agreement and Developer agrees to indemnify, defend and hold harmless the Authority and City from and against the same.

5. It is expressly understood that execution of the Contract shall be subject to:

(a) A determination by the Authority in its sole discretion that its undertakings are feasible based on (i) the projected tax increment revenues and any other revenues designated by the Authority (to the extent requested by Developer); (ii) the purposes and objectives of any tax increment, development, or other plan created or proposed for the purpose of providing financial assistance for the Development, if any, including the determination that such assistance is reasonably necessary in order to make the Development possible; (iii) the best interests of the Authority.

(b) A determination by the Developer that the Development is feasible and in the best interests of the Developer.

(c) Successful conveyance of the City-owned portion of the Property to the Authority, pursuant to the terms of the Memorandum of Understanding between the City and Authority dated as of October 22, 2012, as amended.

6. This Agreement is effective from the date hereof through June 30, 2014, unless extended with approval of the Authority's board of commissioners. After expiration of the term of this Agreement, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

7. The Developer shall be solely responsible for all costs incurred by the Developer. In addition, the Developer shall reimburse the Authority for Administrative Costs, as hereafter defined. For the purposes of this Agreement, the term "Administrative Costs" means out of pocket costs incurred by the Authority and City together with staff costs of the Authority and City, all

attributable to or incurred in connection with the negotiation and preparation of this Agreement, the Contract, and other documents and agreements in connection with the Development, including without limitation all costs in connection with replatting of the Property and the cost of financial advisors, attorneys, and planning and environmental consultants.

In order to secure payment of the Administrative Costs incurred by the Authority during the term of this Agreement, the Developer shall deliver to the Authority cash or a certified check in the amount of \$5,000, such delivery to occur upon execution of this Agreement. The Authority will utilize the funds delivered by the Developer to pay or reimburse itself for Administrative Costs. Administrative Costs incurred by the Authority during the term of this Agreement and exceeding \$5,000 will be paid by the Authority. Upon termination of this Agreement, the Authority will return to the Developer the funds paid by the Developer to the Authority pursuant to this Section 7, less an amount equal to the Administrative Costs incurred by the Authority through the date of notice of termination, provided that if the parties proceed to the negotiation of the Contract, any portion of the funds delivered by the Developer under this Agreement may be applied to any Administrative Costs incurred in connection with the negotiation and preparation of the Contract and payable by the Developer. For the purposes of this paragraph, Administrative Costs are considered to be incurred if they have been paid, relate to services performed, or are payable under a contract entered into, on or before the date of the notice of termination.

This Section 7 shall survive termination of this Agreement and shall be binding on the Developer regardless of the enforceability of any other provision of this Agreement.

8. This Agreement may be terminated upon 5 days written notice by a party to the other party if:

(a) in the respective sole discretion of the Authority or the Developer, an impasse has been reached in the negotiation or implementation of any material term or the completion or execution of any material condition of this Agreement or the Contract; or

(b) a party fails to perform any of its obligations under this Agreement.

If either party terminates the Agreement under this Section 8, the Developer shall remain liable to the Authority to the extent provided under Section 7 of this Agreement.

9. During the term of this Agreement, the Authority agrees that it will not negotiate or contract with any other party concerning the sale or development of the Property. The Developer shall not assign or transfer its rights under this Agreement in full or in part, or enter into any subcontracts to perform any of its obligations hereunder, without the prior written consent of the Authority.

10. In the event that the Developer, its heirs, successors or assigns, fail to comply with any of the provisions of this Agreement, the Authority may proceed to enforce this Agreement by appropriate legal or equitable proceedings, or other similar proceedings, and if the Authority is the prevailing party, the Developer, its heirs, successors or assigns, agree to pay all costs of such enforcement, including reasonable attorneys' fees.

11. If any portion of this Agreement is held invalid by a court of competent jurisdiction,

such decision shall not affect the validity of any remaining portion of the Agreement.

12. In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach.

13. Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to the Authority: Roseville Housing and Redevelopment Authority
2660 Civic Center Drive
Roseville, MN 55113
Attn: Executive Director

(b) As to the Developer: Greater Metropolitan Housing Corporation
15 South Fifth Street, Suite 710
Minneapolis, MN 55402
Attn: President

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

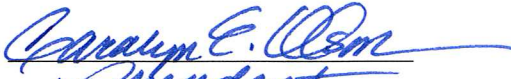
15. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

16. The Developer hereby agrees to protect, defend and hold the Authority, the City and their officers, elected and appointed officials, employees, administrators, commissioners, agents, and representatives harmless from and indemnified against any and all loss, cost, fines, charges, damage and expenses, including, without limitation, reasonable attorneys fees, consultant and expert witness fees, and travel associated therewith, due to claims or demands of any kind whatsoever caused by Developer or arising out of actions of Developer (and excluding those caused by or arising out of the Authority's or City's own acts or conduct) with regard to (i) the development, marketing, sale or leasing of all or any part of the Property, including, without limitation, any claims for any lien imposed by law for services, labor or materials furnished to or for the benefit of the Property, or (ii) any claim by the state of Minnesota or the Minnesota Pollution Control Agency or any other person pertaining to the violation of any permits, orders, decrees or demands made by said persons or with regard to the presence of any pollutant, contaminant or hazardous waste on the Property deposited or released by Developer; and (iii) or by reason of the execution of this Agreement or the performance of this Agreement. The Developer, and the Developer's successors or assigns, agree to protect, defend and save the Authority, and its officers, agents, and employees, harmless from all such claims, demands, damages, and causes of action and the costs, disbursements, and expenses of defending the same, including but not limited to, attorneys fees, consulting engineering services, and other technical, administrative or professional assistance incurred by the Authority as a result of the actions of Developer. This indemnity shall be continuing and shall survive the performance, termination or

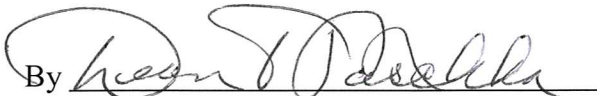
cancellation of this Agreement. Nothing in this Agreement shall be construed as a limitation of or waiver by the Authority of any immunities, defenses, or other limitations on liability to which the Authority is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and its seal to be duly affixed hereto and the Developer has caused this Agreement to be duly executed as of the day and year first above written.

GREATER METROPOLITAN HOUSING
CORPORATION

By 
Its: President

ROSEVILLE HOUSING AND
REDEVELOPMENT AUTHORITY

By 
Its President

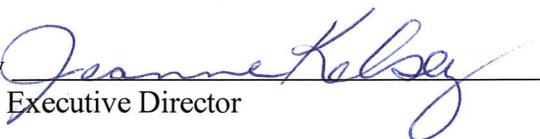
By 
Its Executive Director

EXHIBIT A

Description of Property

Lots 18, 19, 20, 21, and 22, Block 1, O'Neil's Addition, according to the recorded plat thereof, County of Ramsey, State of Minnesota.

And

Copes Subdivision of LOT 1 of Cope's Subdivision of the SE $\frac{1}{4}$ of Section 11, Township Subject to Road; Then 134 FT of E 247 FT & N 131 FT of W 78 FT of E 325 FT of LOT 12

EXHIBIT B

Project Proposal



Greater Metropolitan Housing Corporation
15 South Fifth Street, Suite 710
Minneapolis, MN 55402

phone: (612) 339-0601
fax: (612) 339-0608
info@gmhchousing.org
www.gmhchousing.org

September 26, 2013

Dear Roseville HRA,

Greater Metropolitan Housing Corporation (GMHC) is pleased to submit the enclosed information for your consideration in response to the Dale Street Fire Station Redevelopment Request for Proposal to purchase and redevelop the 3-acre parcel of land located at the west side of Dale Street between Lovell and Cope Avenues.

Based on the RHRA's Corridors Development Initiative (CDI) process, GMHC has created a proposal that addresses the CDI findings and aims to meet the guidelines outlined in the RFP. This proposal promotes intergenerational living, mixed incomes, and community green space.

We propose to construct 29 green, sustainable, single family homes:

- 12 two-story single family homes set in a court style configuration
 - 4 bedrooms, 3.5 bathrooms
 - 2,400 square feet
 - 2 car attached garage
 - 8 single level accessible senior homes
 - 2 bedrooms, 1 bathroom
 - Style 1 – 1,600 square feet, 2 bedrooms, 2 bathrooms
 - 2 car tandem attached garage
 - Style 2 – 1,000 square feet, 2 bedrooms, 1 bathroom
 - 1 car attached garage
 - 9 townhomes
 - 4 bedrooms, 3.5 bathrooms
 - 2,100 square feet
 - 2 car tuck under garage
- Each unit has a dedicated outdoor space – porch, patio, and/or balcony.
 - Shared courtyard and sidewalks throughout encourage neighborhood connectivity.
 - Rain gardens will be created to capture storm water runoff and create a buffer between existing homes.

- Site design to meet City of Roseville requirements for storm water management and site improvements.
- All homes will follow MN 2011 Enterprise Green Communities Criteria.

These homes will blend into and complement the existing neighborhood. All of the units will be owner-occupied housing. All the homes will be sold at market rate. Currently, our estimated resale prices are as follows:

Senior Small Model	\$225,000
Senior Large Model	\$250,000
Dale Townhome	\$275,000
Single Family Detached	\$295,000

GMHC is working with Ramsey County to tie the County's Senior Housing Regeneration Program in with this development. Seniors would be able to use the equity in their existing homes to be put towards the purchase of a senior townhome unit. GMHC in turn would renovate their former home and sell it to a new owner-occupant with a focus on families at or below 80% of Area Median Income (AMI). So, in addition to the 29 new units, there is the possibility of an additional 8 renovated homes.

GMHC is committed to building quality, energy efficient green homes that will benefit the homeowner and neighborhood for decades. This project will use the 2011 Enterprise Green Communities Criteria with Minnesota Overlay as the guide to incorporating green design and efficiency standards into the home and neighborhood. Features of the green homes include Energy Star appliances, windows, ventilation, and lighting; low-flow plumbing fixtures, and high efficiency mechanical systems including 95% efficiency or greater furnace, 14-SEER central air-conditioning, programmable thermostat, and air-exchanger for whole house ventilation. The exterior features include durable Hardi-Plank Lap siding, LP Smartside soffits, fascia and trim, and Structural Insulated Panels (SIPs). GMHC uses building products free of any toxic glue or formaldehyde and all paints and stains are water-based low-VOC products.

The green features of this proposal extend to the surrounding area through the preservation of trees wherever possible and the addition of landscaping and rain gardens to help capture water runoff created by the addition of new impervious surfaces. Landscaping incorporating native and adaptive plants will be added throughout the development.

GMHC plans to seek a green certification as part of the overall construction process such as Minnesota GreenStar or MN Green Path based on the best fit of the finalized design.

As a non-profit developer with over 40 years of experience, GMHC has the knowledge and resources to develop this site in a manner that benefits the community by creating more options for seniors, families, and individuals. GMHC has a proven history of working successfully with the City of Roseville to build and rehabilitate homes in Roseville, such as building new single family homes at Roseville Applewood Court and other scattered sites, and rehabbing homes through programs like the Senior Housing Regeneration Program (SHRP) to

resell to owner occupants. GMHC has experience developing similar sites, including Bungalow Courts in northeast Minneapolis and the Osseo Townhomes.

Project Contact: Bill Buelow, Director of Construction. Bbuelow@gmhchousing.org, 612-339-0601 ext. 16.

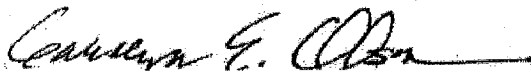
A letter of intent to purchase accompanies this letter as Attachment F.1.

Proposal schedule summary:

Timeline	Milestone
December 2013 - January 2014	Pre-construction and planning & zoning approval process
February 2014	Approvals and contractor selection
March - April 2014	Site preparations & marketing begins
May 2014	Ground breaking - Phase 1 begins on half of each housing type
September - November 2014	Phase 1 construction - completion based on unit type
September - October 2014	Occupancy begins on completed units
September 2014	Phase 2 construction begins
December 2014	Construction underway on all units
January - March 2015	Phase 2 construction ends & occupancy begins for completed units
April - May 2015	Completion of outstanding exterior escrow work

Thank you for your consideration.

Sincerely,



Carolyn E. Olson, President
Greater Metropolitan Housing Corporation