

**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: 10/08/12

Item No.: 10.a

Department Approval



City Manager Approval



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Item Description: Roseville Housing and Redevelopment Authority Quarterly Joint Meeting with the City Council

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1 **BACKGROUND**

2 At the annual joint meeting between the City Council and the Roseville Housing and  
3 Redevelopment Authority (RHRA), it was mentioned that the two bodies should meet more  
4 frequently, perhaps quarterly, given the expanded work plan the RHRA is undertaken from its  
5 newly approved strategic plan. The RHRA Board and staff would like to give the City Council  
6 an update on some of the issues they have been working on and would also like to receive input  
7 on future work plan items.

8 Specifically, the RHRA Board would like to have a conversation about three items with the City  
9 Council. They are:

10  
11 **Dale Street Fire Station**

12 The RHRA has entered into a purchase agreement for the O'Neill property (single-family house  
13 at corner of Dale and Cope Ave. as well as four single-family lots along Cope Ave). The RHRA  
14 is looking to close on these parcels at the end of November. Prior to doing that, staff wants to  
15 reaffirm that the City Council continues to be willing to partner with the RHRA in  
16 redevelopment of these properties. To that end, the RHRA Attorney has drafted a Memorandum  
17 of Understanding (MOU) between the City and RHRA. The MOU, which has been reviewed by  
18 the City Attorney, is intended to lay out the obligations of both parties in regard to the  
19 transaction of the Dale Street Fire Station. Under the MOU, the RHRA will pay the City the  
20 appraised value of the fire station property, less the costs of demolition and environmental  
21 remediation. Additionally, the City will agree to consider rezoning the Fire Station property  
22 from Institutional to High Density Residential 1 (HDR-1) as part of the future redevelopment of  
23 the site. The RHRA will work with the surrounding neighborhood to envision the preferred  
24 development of the site and will seek a qualified developer for the site to implement the vision  
25 for the site. If acceptable, the City Council should authorize entering into the MOU with the  
26 Roseville HRA.

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31 **RHRA Action Plan**

32 Based on the newly adopted RHRA strategic plan, the RHRA has created its “action plan” to  
33 implement the goal and priorities contained in the document. The RHRA Board would like to  
34 review the action plan with the Council and carry on the conversation about the importance of  
35 providing proper funding in order to implement the strategic plan. No specific action is needed  
36 at this time.

37

38 **Multi-Family Rental Housing Licensing**

39 RHRA staff has been working on creating program guidelines for a new multi-family rental  
40 housing licensing program that would incentivize multi-family property owners. The proposed  
41 program would cover buildings with five or more units and will require the properties to be  
42 licensed with the City. The program will require inspections of the rental properties and  
43 depending on the classification of the rental property license, participation in the Crime Free  
44 Housing program and other educational programs hosted by the City. The inspections will be  
45 conducted by third-party inspectors, with the property owners paying for the costs of inspections.

46 Attachment C contains some detail on the proposed program. RHRA, Community  
47 Development, and Police Department staff is still working on many of the details, but staff  
48 wanted to bring the matter up for discussion with the RHRA and City Council and give  
49 opportunity for input on the shaping of the program. Staff will review the program in detail at  
50 the meeting. At this time, no action is needed.

51

**Prepared by: Patrick Trudgeon, RHRA Executive Director (652) 792-7071**

Attachments: A: Dale Street Redevelopment Outline and MOU  
B: RHRA Action Plan  
C: Multi-Family Housing Rental Licensing Program

Redevelopment Process/Timeline for 2325 Dale and Fire Station #3

**September – November 30, 2012**

Due-diligence of 2325 Dale, Fire Station #3 and lots 18, 19, 20, 21 on Cope

- Environmental Assessment – Phase I and Hazardous Building report pre-demolition
- Review survey provided by property owner. Public Works surveyor will stake properties lines for visual review.
- Survey of sites to be completed by property owner.

Send out notice to neighborhood that RHRA will be purchasing the property and give information related to future involvement of public process for redevelopment of site

**October 08, 2012**

Joint meeting between Roseville City Council and Roseville HRA to review Redevelopment Process/Timeline that the HRA has developed. Discuss a Memorandum of Understanding for the HRA to steer the redevelopment of Fire State #3 2335 Dale with Council.

**Close on Purchase Agreement November 30, 2012**

- Based upon RHRA satisfaction of contingencies and due diligence is acceptable.
- RHRA will need to maintain purchased properties until redevelopment

**January - March 2013**

- Update comprehensive market study.
- Work with AIA/U of M design charrette team related to concept ideas for the sites
- Consider other resources related to concepts for the sites.

**April – June 2013**

- Roseville fire department burns buildings down on 2325 Dale Street
- Foundation and any remains are cleared from site
- RHRA develops request for proposal (RFP) for redevelopment of site

**July – September 2013**

RHRA sends out notice of RFP to developers to respond

**October – December 2013**

- Fire Station Vacated
- RHRA reviews RFP's that were submitted at their meetings to discuss proposals and invites neighborhood for comments.

**January - March 2014-2016**

- Dale street station is conveyed to RHRA based upon MOU.
- Preferred developer status is granted to a developer for sites.

MEMORANDUM OF UNDERSTANDING  
BETWEEN  
CITY OF ROSEVILLE, MINNESOTA  
AND HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF ROSEVILLE

This MEMORANDUM OF UNDERSTANDING is hereby made and entered into as of \_\_\_\_\_, 2012 by and between the City of Roseville (“the City”) and Housing and Redevelopment Authority in and for the City of Roseville (“the RHRA”).

A. PURPOSE

The purpose of this MOU is to articulate the general understanding about responsibilities of the City and the RHRA in regards to redevelopment of parcels legally described on Attachment A and generally located at the corner of Dale Street and Cope Ave (referred to as the “Property”).

B. THE CITY OF ROSEVILLE OBLIGATIONS:

1. The City will convey the Property to the RHRA by quit claim deed for a purchase price equal to the appraised value of land less, the cost of demolition of the existing building and environmental remediation of the Property.
2. The RHRA will, at its cost, obtain the appraisal of the Property, and the costs of demolition and remediation will be as mutually agreed upon by the City and RHRA.
3. Property will be conveyed to the HRA within 60 days after the Fire Department vacates the Property.
4. Either before or after closing on the conveyance, the City will rezone the Property up to HDR-1, High Density Residential (subject to compliance with all procedures under City ordinances and State law), based upon a redevelopment proposal received by RHRA.
5. The parties will mutually agree as to allocation of closing costs for conveyance of the Property.

C. RHRA OBLIGATIONS:

1. The RHRA will work with the surrounding neighborhood and City Council in envisioning a preferred development on the Property.
2. The RHRA will seek a redeveloper to develop the Property, and negotiate with that redeveloper regarding terms of sale of the Property and construction of the preferred development on the Property.
3. The RHRA will undertake environmental review and remediation of the Property, including conducting a Phase I and Phase II environmental review as necessary; a Hazardous Building Assessment and resulting remediation as determined by the studies (the cost of which is offset against the purchase price, as described above).

D. MISCELLANEOUS:

1. This MOU may be modified by mutual written consent of the parties.
2. Either party may terminate this MOU at any time before the date of expiration.
3. This MOU is effective as of the date above, and remain in effective through December 31, 2014 unless earlier terminated by either party.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the first written above.

CITY OF ROSEVILLE

\_\_\_\_\_  
Dan Roe, Mayor

\_\_\_\_\_  
William J. Malinen, City Manager

RHRA

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Executive Director

Action	Responsible	New or Existing	Timeline	Budget Implications	Sources of Funds	Outcome	Financial Needs			
							2013	2014	2015	2016
<b>1. Foster, promote, and effectively communicate the advantages of living in Roseville</b>										
<b>A.</b> Increase the use of HRA's financial resources, housing programs and HRC Center services by residents, property owners, and others. <ul style="list-style-type: none"> <li>Construction Services</li> <li>Rehab loans (3-5 a year)</li> <li>Loan closing costs/fees</li> <li>General marketing</li> </ul>	HRC HRC HRC Staff	Existing	Ongoing Ongoing Upon loan closing	\$15,000 Loan pool of \$424,800 receivables \$425,000 Budget \$4,800 2012 General overall marketing and operations	Levy Levy	Revolving loan	Home Improvement	15,000		
<b>B.</b> Continue to position the HRA as a leader in providing education and information about resources that support sustainable life styles.	Staff	Existing	Ongoing	Staff time Participation in NAHRO, SLUC, ULI and others				12,500		
<b>C.</b> When marketing the City, highlight advantages for changing demographics.	Staff/consultant	Existing	Ongoing	\$30,000	Levy			30,000		
<b>D.</b> Produce events such as the Living Smarter Home and Garden Fair, workshops, and create partnership that encourage environmental stewardship when creating and/or remodeling housing stock and when developing neighborhoods.	Staff/partners	Existing	Yearly	\$29,128-2012 Costs \$22,272-2011 Income	Levy	Fees		9,752.96		
<b>E.</b> Create programs and resources that help residents incorporate healthy building techniques.	NEC/Staff	Existing	Ongoing	\$12,000 for Energy Audits	Levy			12,000		
<b>F.</b> Expand the HRA's presence in social media and Web-based services.	Staff/consultant	Existing	Ongoing	Part of \$30,000 budget						
<b>G.</b> Promote innovative housing developments to foster neighborhood-level places that maximize the sense of community	Staff	New	Ongoing	Part of 2.						
<b>2. Create and maintain high quality, sustainable multi-family housing options</b>										
<b>A.</b> Increase alternative housing options and flexible designs to support both changing demographics and long term uses.	Developer/Staff	New	2012-2018	Part of 2 d. Project specific						
<b>B.</b> Provide financial resources to preserve and develop new housing in partnership with non-profit community groups, private sector development partners, and federal, state, and regional agencies.	Developer/Staff	Existing	Ongoing	Part of 2 d. and 2 e.	Levy 724 acct	State, County, Met Council, Federal Reserve		175,000		
<b>C.</b> Create walkability and pedestrian connectivity in all redevelopment plans the HRA participates in.	Developer/Staff	New	Ongoing	Project specific		Met Council County Funds				
<b>D.</b> Provide leadership in assembling sites and/or providing financial assistance for the development of intergenerational housing. <ul style="list-style-type: none"> <li>Dale Street Station</li> <li>Good Samaritan</li> <li>Owasso School</li> </ul>	Staff Developer/Staff Staff	New	2012-2014 2013-2015 2014-2016	\$686,000 acct 724 Unknown 2.4 Million	Levy	724 \$239,600 accts 720/721 Bonding Bond/Payment options				
<b>E.</b> Continue to provide resources that support affordable housing options in the community.	Staff	Existing	Ongoing	Part of 2 b.		\$239,600 accts 720/721 State, Cty & Met Council				
<b>F.</b> Identify preferred redevelopment sites and increase partnership so that HRA has a "development in the works" at all times.	Staff	New	1 per year	Part of 2 d.						
<b>3. Create and maintain high-quality, sustainable single-family housing options.</b>										
<b>A.</b> Increase resources to renovate, redevelop, and/or undertake infill projects.	Staff	New	2013 forward	Existing fund balance of \$424,800		Revolving Loan Funds				
<b>B.</b> Maintain and encourage a mix of housing types in each neighborhood by directly purchasing available properties for demolition and supporting new home construction.	Staff	New	2-3 Homes a year	\$200,000	Levy	CDBG Funds		200,000		
<b>C.</b> Ensure availability of appropriate resources to rehabilitate and upgrade existing housing stock for changing demographics.	HRC	Existing w/ possible program change	Ongoing	Existing fund balance of \$424,800		Revolving Loan Funds				
<b>4. Prevent and eliminate blight on individual properties, neighborhoods and the entire community.</b>										
<b>A.</b> Identify properties that are underutilized, deteriorated, or blighted and use available tools (such as condemnation, licensing and/or regulations) to revitalize or redevelop.	Staff/Code Officials	New	1 a year	Condemnation, Licensing, Regulations	Levy					
<b>B.</b> Utilize funding tools such as HIA's, Conduit Debt Financing, and Bonding to be used to promote the improvement of housing and redevelopment sites.	Staff	Existing	Ongoing review	HIA's, Conduit Debt Financing and Bonding		HIA's, Conduit Debt Financing				
<b>C.</b> Continue to provide resources to maintain proactive code enforcement policies to prevent nuisance properties from negatively impacting surrounding properties.	Staff	Existing	6 mo. each year	\$26,690-2012 Account 722 for abatement	Levy	Revolving funds		28,730		
<b>D.</b> Continue to explore, in partnership with the City, further regulation (such as licensing) of rental units within the City and develop a better understanding of the resources needed.	Staff/consultant Code Officials, Police	New	Start 2013 annually	Fee based program		Fee based				
<b>E.</b> Identify at-risk neighborhoods and create partnerships to strengthen them.	Staff	New	Start 2013 continuing	Southeast Roseville Neighborhood integration	Levy	County and State Funds				
<b>5. Retain and attract desirable housing and businesses that lead to employment, investment, and commitment to the community.</b>										
<b>A.</b> Engage the community in developing objectives that articulate business development priorities.	Consultant/Staff	New	2013	Planning process	Levy			30,000		
<b>B.</b> Support the creation of redevelopment plans for areas and corridors that would benefit from reinvestment and revitalization.	Staff/Planners/ Consultant	New	Ongoing	Review previous corridor plans for use and implementation		Met Council Planning Grants				
<b>C.</b> Use Public-Private partnerships to encourage reinvestment, revitalization, and redevelopment of retail, office, and employment districts.	Staff/Developer/ Owners	New	2014 ongoing	Loan program outcome from outreach process	Levy	Clean-up grants				
<b>D.</b> Create strong relationships with existing and prospective businesses to understand their needs and to maximize opportunities for business retention, growth, and development.	Staff/Mayor/ Consultant	New	Ongoing	Need to develop outreach and meeting process	Levy			10,000		
<b>E.</b> Develop programs for businesses that encourage people to live within the community.	Staff/HRC	New	2013		Levy		10 loans per year for live/work.			
<b>F.</b> Incentivize environmental stewardship of commercial development.	Staff/Xcel	New	2013 ongoing	Audit/resource program/loan program	Levy Levy		4 loans per year			
<b>G.</b> Partner w/ City Council to pro-vide financial resources to facilitate community economic development & redevelopment objectives.	Staff	New	Ongoing	Meet with council quarterly to discuss objectives.						
<b>6. Provide the necessary staff support &amp; resources to work with partners to ensure goals &amp; objectives of strategic plan are accomplished in a timely manner.</b>										
<b>A.</b> Review current HRA staff levels and provide any additional support needed to ensure implementation of the Strategic Plan.	CDD/Program Man./Debt Assistant Secretary Attorney	Existing	Ongoing	Increase in staff \$50000- \$60000 Increase fee to \$15,000	Levy			162,506		
<b>B.</b> Explore and evaluate financial resources available to support the implementation of the Strategic Plan.	Staff	New and Existing	Ongoing	Staff time	Levy	Met Council Funds, Excess TIF districts		15,000		
<b>C.</b> Actively promote education, growth, and advancement of staff, board members, and community members.	Staff	Existing	Ongoing					3,225		
<b>D.</b> Provide Quarterly Progress Report to the HRA board of all HRA's funding sources, grant programs, and overall operations.	Staff	Existing	Ongoing	Staff time						
<b>E.</b> Conduct an annual review with the City Council of the HRA's strategic plan and budget. A new strategic plan will be developed every four years.	Staff/consultant	Existing	Yearly meetings with Council	Update in 2016	Levy	Other programs that qualify for action				
<b>F.</b> Seek & nurture partnership w/ police & fire departments, neighboring cities, school districts, non-profits, and consumers to improve overall quality of life in the City.	Staff	Existing	Ongoing	Staff time. Some new programming will require additional staff time.						
Subtotal								808471		
Reserves for cash flow income from Cash Carryover, Investment income and H&G Fees								+69777		
Total Levied								-110000		
								698471		

## Multi-family Rental Housing Licensing

The purpose of this program is to protect the public health, safety and welfare of citizens of the City who occupy rental units in Multi-family properties. This would be achieved by adopting a Rental Dwelling inspection program to provide minimum maintenance standards for existing and newly constructed Multi-family rental properties in Roseville, MN.

The Multi-family rental housing licensing program would be required for dwellings that have more than 4 units. Properties that are licensed care facilities will be exempt from an inspection program.

The program would be set as follows:

- Initially all units in each property would be inspected.
- Inspections will be done by third-party inspectors.
- The City will maintain a list of approved “City-licensed inspectors” and will provide evaluation guidelines for inspections.
- Based upon results of the inspections, properties will then be issued a License Type A, B, C, or D.
- The City-licensed inspector will send a copy of the inspection to both the City and the rental property owner or their designee.
- Costs for having the City-licensed inspector will be paid by the rental property owners and is separate from the license fee.

A completed application form and the license fee must also be submitted. The City license fee is \$100 per building and \$10 per unit. The license will be effective based upon the classification of the property. Property owners who fail to obtain or renew a license within 30 days of expiration will result in a \$500 penalty; the penalty will double every 2 weeks it remains unpaid.

### **Property Licensing Requirements**

The type of license (A, B, C, or D) a property owner receives will be determined by the overall number of property code violations identified during the initial inspection. In addition, the City may, upon receipt of credible third party complaints or residents with reasonable concerns, require an inspection of a unit. Upon a complaint based inspection the city may require additional units to be inspected. Upon that inspection, the City may require a license category criteria inspection be performed using the same standards as the license renewal inspection (see table below).

After the initial 100% inspection, the minimum inspection standards will be followed for license renewal:

- At least 35% of units will be inspected for properties that have between 5 – 20 units.
- At least 25% of the units will be inspected for properties that have more than 21 units.

Requirement →	Attend Roseville Multifamily Property Owner’s Quarterly meetings	Participate in Crime Free Housing Program	Inspections and Licensing Fee	Mitigation Plan	Monthly Updates
License Type ↓					
Type A	Recommended	Phase 1 (recommended)	Once every 3 years	-	-
Type B	Attend 25%	Phase 1	Once every 2 years	-	-
Type C	Attend 50 %	Phases 1 & 2	Once a year	-	-
Type D	Attend 75 %	Phases 1, 2, & 3	Once every 6 months	Required - Must be completed prior to council approval	Required

*Property owners who fail to meet the requirements under the Type of license criteria may be subject to doubled fees for rental licensing, repeat nuisance violations, and/or change of rental licensing type.*

### **Violation Rate Calculation**

Inspection criteria will be based upon the Building Maintenance and Preservation Code (Chapter 906). Inspection criteria and evaluators guidelines will be provided to owners and posted on the City’s website. The license type will be based on the average number of code violations per inspected property.

Property Code Violations Criteria (Property Code Only)	
License Category	Property Code Violations per Inspected Unit
Type A – 3 Year	0-.75
Type B – 2 Year	Greater than .75 but not more than 1.5
Type C – 1 Year	Greater than 1.5 but not more than 3
Type D – 6 Months	Greater than 3

**Example**

Based on the table above, an 11-unit property would be required to have 4 units inspected ( $35\% \times 11 = 3.85$ )

To receive a Type A License, the 4 units could have no more than 3 violations averaged for the units inspected ( $4 \times .75 = 3$ )

To receive a Type B License, the 4 units could have no more than 6 violations averaged for the units inspected ( $4 \times 1.5 = 6$ )

To receive a Type C License, the 4 units could have no more than 12 violations averaged for the units inspected ( $4 \times 3 = 12$ )

**Police Service Calls**

Number of police service calls will also impact license types for properties. Police call rates will be based on the average number of valid police calls per property per year. Police incidences for the purpose of determining licensing categories shall include disorderly activities and nuisances. This would include but not limited to homicide, rape, robbery, aggravated assault, burglary, theft, auto theft, and arson. Calls will not be counted for purposes of determining license type where the victim and suspect are “family or household members” as defined in the Minnesota Domestic Abuse Act or calls related to medical first response.

Calls for Disorderly Conduct Services & Part I Crimes	
Impact on License Type	Calls Per Property/Year
No License Change	Still being determined*
Downgrade License by 1 Level <i>For example, a Type A would become a Type B</i>	Still being determined*
Downgrade License by 2 Levels <i>For example, a Type A would become a Type C</i>	Still being determined*

*\*The number of acceptable police calls per building is being reviewed with the Roseville Police Department.*

**Fees**

Property owners who fail to meet the requirements under the Type of license criteria may be subject to doubled fees for rental licensing and Repeat Nuisance Ordinance (RNO), Chapter 511. Enforcement of that ordinance will be coordinated between departments on a monthly basis. RNO may need to be modified based upon current use of the ordinance.

For properties that have chronic code violations that are not being resolved, the City may use the “Tenant Remediation Act.”

**Cost implications to the City**

To implement, coordinate, and regulate this new program, City staffing would likely need to be increased in the HRA, Community Development, Building Codes and Police departments.

*This Multi-Family Rental Housing program outline is intended to provide program concepts and is draft for discussion purposes only with the Roseville City Council and the Roseville Housing Redevelopment Authority. More program specifics will follow for a Multi-Family Rental Housing Program based upon direction given to Staff. Program outlines will be available for comment by Roseville multi-family rental property owners, and residents at a future HRA meeting.*