



Richfield City Council Agenda

August 26, 2025 -- 7:00 PM

Richfield Municipal Center
Council Chambers
6700 Portland Avenue South

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Approval of the Agenda**
4. **Approval of Minutes**
 - a. **Approval of the Minutes of the (1) City Council Work Session from August 12, 2025, and (2) City Council Regular Meeting from August 12, 2025.**
5. **Open Forum**

Participants can share their comments in person, by voicemail, or email, and may also request to participate virtually. For more information on submitting comments, refer to the Council Agenda and Minutes page on richfieldmn.gov/citycouncil
6. **Proclamations and Presentations**
7. **Consent Calendar**

Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.

 - a. **Approve Disbursements/Claims**
 - b. **Consider approval of a Temporary On-Sale Intoxicating Liquor license for St. Peter Catholic Church, located at 6730 Nicollet Avenue South, for their Tri Fest Harvest 2025 event taking place September 20-21, 2025.**
 - c. **Consider approval of a Temporary On Sale Intoxicating Liquor license for October Fest event scheduled to take place October 4, 2025, at Fred Babcock VFW #5555, located at 6715 Lakeshore Drive.**
 - d. **Consider approval of a request for temporary expansions of the licensed premises for Thompson's Fireside Pizza, Inc. d/b/a Fireside Foundry located at 6736 Penn Avenue South, and Sandy's Tavern located at 6612 Penn Avenue South, to allow for the outside service of beer and malt beverages in their parking lot on Sunday, September 21, 2025, in conjunction with Richfield's Penn Fest event.**
 - e. **Consider approval of the first reading of an ordinance amending subsection 905.40 of the Richfield City Code pertaining to the feeding of wildlife.**
 - f. **Consider approval of a first reading of an ordinance amending sections 1135 and 925 of the Richfield City Code of Ordinances pertaining to temporary outdoor portable storage containers.**
 - g. **Consider approval of a Grant Compliance Agreement with MSP Lupe Richfield LLC regarding a Tax Base Revitalization Account Seeding Equitable Environmental Development Grant for 6501 Portland Avenue South.**
 - h. **Consider approval of a Loan Agreement with Penn Station Apartments, LLLP for a Local Housing Initiatives Account Grant.**
8. **Consideration of Items, if Any Removed From Consent Calendar**
9. **Public Hearings**
10. **Proposed Ordinances**
 - a. **First reading of ordinance changes related to multifamily development regulations (MR-2 & MR-3 zoning district updates).**
 - b. **First reading of an ordinance regulating the use and licensing of short-term rentals.**
 - c. **Consider the second reading of an ordinance amending section 601 of the Richfield code of ordinances pertaining to solid waste disposal, collection, and hauling.**
11. **Resolutions**

12. Other Business

- a. **Consideration of the appointment of youth commissioner to City advisory board/commissions.**

13. City Manager's Report

14. Council Discussion

- a. **Hats off to Hometown Hits**

15. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.

Includes Materials - Materials relating to these agenda items can be found in the Council Chambers Agenda Packet book located by the entrance. The complete Council Agenda Packet is available electronically on the City of Richfield website.



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

City Council Work Session

August 12, 2025

ITEM #1	CALL TO ORDER
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Mayor Supple called the work session to order at 5:15 p.m. in the Bartholomew Room.

Council Present: Mary Supple, Mayor; Sharon Christensen, Walter Burk, Sean Hayford Oleary, Rori A. Coleman-Woods

Staff Present: Katie Rodriguez, City Manager; Sack Thongvanh, Assistant City Manager; Steve McDaniel, Budget, Cash, and Debt Manager McDaniel; Jay Henthorne, Director of Public Safety/Chief of Police; Karl Huemiller, Recreation Services Director; Kate Aitchison, Communications and Engagement Manager; Joe Powers, City Engineer; Kristin Asher, Public Works Director; Matt Hardegger, Transportation Engineer; Michelle Friedrich, City Clerk; Courtney DesCamps, Senior Analyst; and Mark McKinley, Administrative Assistant.

ITEM #2	ITEM DISCUSSION
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- A. Preview the preliminary 2026 Budget and provide a long-term financial planning update as summarized in the Key Financial Strategies (KFS) spreadsheet. Preview proposed utility rates, proposed City fees, and the proposed 2026 Capital Improvement Budget (CIB) and 2027-2030 Capital Improvement Plan (CIP).

City Manager Rodriguez opened the meeting with a summary of the agenda before turning to Steve McDaniel for the first item.

Budget, Cash, and Debt Manager McDaniel outlined the timeline for the budget review and approval process and provided an update on the budget. He noted that labor force participation remains below pre-pandemic levels, inflationary pressures are expected to persist into 2026, and license and permit revenues for 2026 are projected to align closely with 2025 revisions and 2024 actuals. He also presented the proposed 2026 levy, which includes a 5.97% increase, bringing the total levy to \$31,693,831. In response to a question about how surrounding cities are levying, City Manager Rodriguez explained that she has not yet conducted a survey but will provide that information to Council soon.

Budget, Cash, and Debt Manager McDaniel reviewed the gross tax levy history over the past eight years and presented the proposed 2026 general fund budget of \$35,079,115, reflecting a 7.18% increase from the 2025 adopted budget. He walked through general fund revenues, prompting

Council to request clarification on the charges for services line item. City Manager Rodriguez provided further explanation, outlining the circumstances that fall under this category.

Turning to expenditures, Budget, Cash, and Debt Manager McDaniel reviewed both current levels and historical trends before offering a staffing update. The 2025 revised budget proposes two new positions: a Finance Senior Financial Analyst to be hired in September 2025 and a Public Works Asset Management/GIS Analyst in November 2025. Two temporary positions are also proposed. He additionally reviewed the City’s long-term capital reserves, with City Manager Rodriguez adding more detail on the reserves forecast.

City Manager Rodriguez then presented the proposed Community Development fee increases. Director of Public Safety Henthorne followed with fee updates for Public Safety and Support Services. Public Works Director Asher detailed the proposed Public Works fee increases. Recreation Services Director Huemiller concluded this portion with Recreation Services’ proposed fee adjustments.

Public Works Director Asher presented the 2026 utility update, beginning with proposed water rates and service charges. She noted that future increases will be guided by the 2025 rate study. She compared 2025 water rates to those of surrounding cities and also addressed wastewater rates, the fund outlook, and stormwater rates for 2026. In doing so, she reviewed debt service versus annual revenue, shared the stormwater fund outlook, and displayed 2025 wastewater and stormwater rates in comparison with nearby communities.

Budget, Cash, and Debt Manager McDaniel returned to provide an overview of the capital budgeting process. He shared a breakdown of the proposed 2026 capital improvement budget, outlined project totals for 2027–2030, and reviewed capital improvement funding by source.

City Engineer Powers highlighted upcoming public works projects, including the Nicollet Avenue and Penn Avenue reconstructions, as well as multiple sidewalk improvements. He also described several joint projects with the utility department.

Recreation Services Director Huemiller reported that the new Wood Lake Nature Center building is expected to open in winter 2026. He also provided updates on the Veterans Memorial Park Complex, the new \$55 million Community Center building, and the Parks Master Plan. Finally, he noted that the Donaldson Park building project has been placed on hold.

ITEM #3	ADJOURNMENT
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Mayor Supple adjourned the work session at 6:43 p.m.

Date Approved: August 26, 2025

Mary B. Supple
Mayor

Michelle Friedrich
City Clerk

Katie Rodriguez
City Manager



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

Regular Council Meeting

August 12, 2025

ITEM #1	CALL TO ORDER
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The meeting was called to order by Mayor Supple at 7:00 p.m. in the Council Chambers.

Council Present: Mary Supple, Mayor; Sharon Christensen; Walter Burk; Sean Hayford Oleary; and Rori A. Coleman-Woods.

Staff Present: Katie Rodriguez, City Manager; Mary Tietjen, City Attorney; Melissa Pohlman, Community Development Director; Kristin Asher, Public Works Director, and Michelle Friedrich, City Clerk.

Others Present: None.

ITEM #2	PLEDGE OF ALLEGIANCE
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Mayor Supple led the Pledge of Allegiance.

ITEM #3	APPROVAL OF AGENDA
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MOTION: made by Councilmember Hayford Oleary, seconded by Councilmember Burk to approve Agenda as presented.

Motion carried: 5-0

ITEM #4	APPROVAL OF MINUTES
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MOTION: made by Councilmember Hayford Oleary, seconded by Councilmember Christensen to approve the minutes of the: (1) City Council Work Session from July 22, 2025, and (2) City Council Regular Meeting from July 22, 2025.

Motion carried: 5-0

ITEM #5	OPEN FORUM
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Mayor Supple reviewed the participation options for residents at the Council meeting, including in-person comments, comments by voicemail or email, and an option to request to participate virtually with advance notice. Mayor Supple noted that more information on submitting comments can be reviewed at www.richfieldmn.gov/citycouncil.

No residents participated in the Open Forum public comment opportunity.

ITEM #6	PROCLAMATIONS AND PRESENTATIONS
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None.

ITEM #7	CONSENT CALENDAR
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City Manager Rodriguez presented the consent calendar. City Manager Rodriguez noted clerical revisions on Consent Calendar item 7B First Reading of an Ordinance Amending Section 601 of City Code, and added revisions will be included in the second reading of the ordinance at a future Council meeting.

A. Approve Disbursements/Claims

U.S. BANK	08/07/2025
A/P Checks: (7/19/25-8/07/25)	\$2,173,806.65
Payroll (08/01/2025)	<u>\$1,381,036.22*</u>
<i>*This amount includes health insurances premiums for August 2025.</i>	
TOTAL	\$3,554,842.87

B. Consider the approval of the first reading of an ordinance amending Section 601 of the Richfield City Code to include new language clarifying definitions and multi-family recycling requirements.

C. Consider the adoption of a resolution supporting a Livable Communities Demonstration Account grant application to the Metropolitan Council for a proposed small business center/coworking space at 6440 Nicollet Avenue South.

**RESOLUTION NO. 12331
RESOLUTION IDENTIFYING THE NEED FOR LIVABLE COMMUNITIES
DEMONSTRATION ACCOUNT FUNDING AND AUTHORIZING APPLICATION FOR
GRANT FUNDS FOR SMALL BUSINESS CENTER/CO-WORKING SPACE AT 6440
NICOLLET AVE SOUTH**

D. Consider approval of an agreement between the City of Richfield and Udris Burgess Architecture and Design, Inc., for professional services in the design and engineering for the Veterans Memorial Park improvements.

MOTION: made by Councilmember Coleman-Woods, seconded by Councilmember Christensen to approve the consent calendar.

Motion carried: 5-0

ITEM #8	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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None.

ITEM #9	PUBLIC HEARINGS
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None.

ITEM #10	PROPOSED ORDINANCES
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None.

ITEM #11	RESOLUTIONS
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- A. Summary of the City Manager's annual performance evaluation for the period of June 2024 to July 2025, held on July 8 and July 22, 2025, as required by Minn. Statutes 13D.05 Subd. 3(a), and consider a resolution amending the employment agreement between the City of Richfield and City Manager Katie Rodriguez.

Mayor Supple presented the Staff Report and read the summary of the City Manager's performance evaluation. She thanked City Manager Rodriguez for her help in the City and for her leadership.

Council thanked City Manager Rodriguez for all she has done for the Council and the City.

City Manager Rodriguez thanked Council for their feedback and discussion.

MOTION: made by Mayor Supple, seconded by Councilmember Hayford Oleary to approve the resolution amending the City's Manager's employment agreement with the City reflecting a salary adjustment.

**RESOLUTION NO. 12332
THIRD AMENDMENT TO EMPLOYMENT AGREEMENT WITH CATHERINE RODRIGUEZ**

Motion carried: 5-0

ITEM #12	OTHER BUSINESS
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None.

ITEM #13	CITY MANAGER’S REPORT
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None.

ITEM #14	COUNCIL DISCUSSION
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A. Review and Update the City Council Rules of Procedure and Decorum

City Manager Rodriguez introduced the review process for the Rules of Procedure and Decorum and invited City Clerk Friedrich to present key sections for Council discussion. City Clerk Friedrich presented highlighted sections for Council input.

Council requested Hats Off to Hometown Hits remain under the Council Discussion section of the agenda. Council discussion included adding an agenda item under the Council Discussion section for councilmembers serving as liaisons to report on Commission updates. Council consensus supported the addition of a Liaison Reports item, under the Council Discussion section of the agenda, once a month or as needed.

City Clerk Friedrich reviewed current language for Appealing the Ruling of Presiding Officer Section 4, Subd 2, and noted limiting Council discussion on appealing the ruling of the presiding officer is not conveyed in the Sturgis Standard Code of Parliamentary Procedure. Council consensus was to amend the language to remove the provision that limits participation in the appeal discussion, which would be consistent with Sturgis.

City Clerk Friedrich asked for feedback regarding Varying the Order of Business Section 5, Subd 4. Council noted the Rules of Procedure and Decorum should reference, with Council input, the Mayor can vary the agenda order.

City Clerk Friedrich provided clarity in Consent Agenda Section 5, Subd 6, regarding Council removal of an item from the consent agenda for further discussion.

City Clerk Friedrich reviewed the proposed language in Section 5, Subd 7, when Council adds a non-agenda item(s) to the agenda.

City Clerk Friedrich reviewed new language for Public Participation Section 5, Subd 9 (a-d) and referenced the current time limit of 15 minutes for open forum. Council discussed limiting the total public comment time to 15 minutes or extending the limit to 30 minutes during regularly scheduled Council meetings. City Attorney Tietjen provided clarity regarding limiting certain discussion during open forum. Council consensus was to increase the limit to 30 minutes, with a majority vote needed to extend the open forum time. Clerk Friedrich reviewed the remainder of the language surrounding public participation, including speaker name, changing full address disclosure to resides in the City of Richfield, and provided clarification relating to email comments. Council noted adding language to limit each speaker to 3 minutes during public hearings, with a majority vote needed to extend the speaker’s time.

City Clerk Friedrich reviewed the language regarding Excused From Voting Section 6, Subd 3. Council requested the addition of language referencing a councilmember may not participate in the discussion if they are abstaining from the vote either by unanimous consent of the other members

present, or due to abstention as required by law. Attorney Tietjen provided context on limiting discussion when abstaining from voting.

City Clerk Friedrich reviewed the Rules of Decorum Section 7, Subd 3, for discussion. Council consensus supported the proposed language noting the mayor or any councilmember may bring a motion to limit discussion on any question.

City Clerk Friedrich reviewed the current and proposed language for Rules of Decorum Conduct Section 7, Subd 9. Attorney Tietjen clarified that the decorum for conduct is focused on the Council's conduct rather than the public's conduct.

City Clerk Friedrich noted changes made to Enforcement of Decorum Section 8. City Attorney Tietjen provided some context for certain enforcement and situations that may arise.

B. Hats off to Hometown Hits

Councilmember Burk expressed appreciation to the crews working on improvements at Donaldson Park.

Councilmember Hayford Oleary thanked all those who helped make National Night Out a success.

Councilmember Coleman-Woods shared that National Night Out was a successful event and that she enjoyed spending time with her neighbors.

Councilmember Christensen shared that she was unable to attend National Night Out as she is recovering from knee surgery but noted that the event appeared to be a success.

Mayor Supple thanked staff for their efforts in supporting the decorum discussion. She also shared the news of the recent passing of Santwana Dasgupta, a highly engaged and active Richfield resident.

A resident at the meeting requested he receive time to speak to the Council.

MOTION: made by Mayor Supple, seconded by Councilmember Christensen to allow a resident to speak during open forum for 3 minutes.

Motion carried: 5-0

Phillip Lorie, Richfield resident, shared a story of reckless driving near Main Street Village and the surrounding neighborhoods. Mr. Lorie noted that a letter was sent to Police Chief Henthorne, and no response has been received. Mr. Lorie expressed his concerns about limiting public comment to 3 minutes.

ITEM #15	CLOSED SESSION
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None.

ITEM #16	ADJOURNMENT
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MOTION: made by Councilmember Hayford Oleary, seconded by Councilmember Christensen to adjourn the meeting at 8:13 p.m.

Motion carried: 5-0

Date Approved: August 26, 2025

Mary Supple
Mayor

Michelle Friedrich
City Clerk

Katie Rodriguez
City Manager

DRAFT



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of a Temporary On-Sale Intoxicating Liquor license for St. Peter Catholic Church, located at 6730 Nicollet Avenue South, for their Tri Fest Harvest 2025 event taking place September 20-21, 2025.

EXECUTIVE SUMMARY

On August 1, 2025, the City received application materials for a Temporary On-Sale Intoxicating Liquor license for St. Peter Catholic Church, located at 6730 Nicollet Avenue South, for their Tri Fest Harvest 2025 event taking place September 20-21, 2025. They will serve intoxicating liquor, wine and 3.2 percent malt liquor from 11:00 a.m. to 9:00 p.m. on Saturday, September 20, and from 11:00 a.m. to 3:00 p.m. on Sunday, September 21, 2025. There will also be food vendors.

The Director of Public Safety has reviewed all required information and documents and has found no basis for denial.

HISTORICAL CONTEXT

The applicant has satisfied the following requirements for the issuance of this license:

- The required licensing fee has been paid.
- Proof of liquor liability insurance has been provided showing the Catholic Mutual Relief Society of America affording the coverage.

RECOMMENDED ACTION

By motion: Approve issuance of a Temporary On-Sale Intoxicating Liquor license for St. Peter Catholic Church, located at 6730 Nicollet Avenue South, for their Tri Fest Harvest 2025 event taking place on September 20-21, 2025.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Richfield Police Department is committed to ensuring equity and inclusivity in our work. In some instances, equity considerations may not directly apply; however, staff review of policy and processes will always consider DEI principles.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Richfield City Code Section 1202.05 requires all applicants to comply with all of the provisions of this code, as well as the provisions of Minnesota Statute Chapter 340A.

CRITICAL TIMING ISSUES

Approval is required at the August 26, 2025 meeting to ensure issuance of the liquor license.

FINANCIAL IMPACT

There is no financial impact.

LEGAL CONSIDERATIONS

The City Attorney has reviewed and approved the contents of the staff report.

ALTERNATIVE RECOMMENDATION(S)

The Council could deny the approval of the Temporary On-Sale Intoxicating Liquor license for St. Peter Catholic Church. This would mean the applicant would not be able to serve intoxicating liquor, wine, or 3.2 percent malt liquor. However, Public Safety has not found any basis for denial.

ATTACHMENTS

None



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of a Temporary On Sale Intoxicating Liquor license for October Fest event scheduled to take place October 4, 2025, at Fred Babcock VFW #5555, located at 6715 Lakeshore Drive.

EXECUTIVE SUMMARY

On August 8, 2025, the City received application materials for a Temporary On Sale Intoxicating Liquor license for the October Fest event scheduled to take place October 4, 2025, at Fred Babcock VFW #5555, located at 6715 Lakeshore Drive.

This is a fundraiser for the Richfield Girls Fastpitch Softball team. Food and refreshments, including alcohol, will be sold at the event. Their request is to serve alcohol from 12:00 p.m. to 9:00 p.m.

The Director of Public Safety has reviewed and approved the license application and sees no reason it should be denied.

All required information has been provided and all licensing fees have been received.

HISTORICAL CONTEXT

The applicant has satisfied the following requirements for the issuance of this license:

- The required licensing fee has been paid.
- Proof of liquor liability insurance has been submitted showing Integrity Mutual Insurance Company affording coverage (parking lot included).
- The applicant has contacted sanitarians from the City of Bloomington to ensure proper food handling practices are followed.
- Employees of the VFW will be providing security and will patrol the area for this event.

RECOMMENDED ACTION

By motion: Approve the issuance of a Temporary On Sale Intoxicating Liquor license for October Fest event scheduled to take place October 4, 2025, at Fred Babcock VFW #5555, located at 6715 Lakeshore Drive.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Richfield Police Department is committed to ensuring equity and inclusivity in our

work. In some instances, equity considerations may not directly apply; however, staff review of policy and processes will always consider DEI principles.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Richfield City Code Section 1202.05 requires all applicants to comply with all of the provisions of this code, as well as the provisions of Minnesota Statue Chapter 340A.

CRITICAL TIMING ISSUES

The sale of intoxicating liquor in the parking lot must cease no later than 9:00 pm on October 4, 2025.

FINANCIAL IMPACT

The required licensing fees have been received.

LEGAL CONSIDERATIONS

There are no legal considerations.

ALTERNATIVE RECOMMENDATION(S)

The Council could deny the requested license; however, that would mean the applicant would not be able to serve alcohol outside to the public during the event on October 4.

ATTACHMENTS

None



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of a request for temporary expansions of the licensed premises for Thompson's Fireside Pizza, Inc. d/b/a Fireside Foundry located at 6736 Penn Avenue South, and Sandy's Tavern located at 6612 Penn Avenue South, to allow for the outside service of beer and malt beverages in their parking lot on Sunday, September 21, 2025, in conjunction with Richfield's Penn Fest event.

EXECUTIVE SUMMARY

On August 14, 2025, Thompson's Fireside Pizza, Inc., d/b/a Fireside Foundry requested permission to serve beer and malt beverages outside in the parking lot area of their licensed establishment in conjunction with Richfield's Penn Fest event. While Fireside Foundry is currently licensed to sell intoxicating liquor, their license is only valid for the interior and outside patio areas, and their license does not allow alcohol service beyond their patio area.

On August 18, 2025, Sandy's Tavern requested permission to serve beer and malt beverages outside in the parking lot area of their licensed establishment in conjunction with Richfield's Penn Fest event. While Sandy's Tavern is currently licensed to sell intoxicating liquor, their license is only valid for the interior and outside patio areas, and their license does not allow alcohol service beyond their patio area.

This request for a temporary expansion of the licensed premises for Fireside Foundry and Sandy's Tavern would allow for the service of beer and malt beverages only, and would be valid only on Sunday, September 21, 2025, from 1:00 p.m. to 5:00 p.m. during Richfield's Penn Fest event.

All required information and documents have been provided. The Director of Public Safety has reviewed all required information and documents and has found no basis for denial.

HISTORICAL CONTEXT

The following requirements have been met:

- The City has been provided with a written narrative and drawing of the parking area showing how Fireside Foundry and Sandy's Tavern will control the flow of patrons purchasing beer and how they will be contained and monitored.
- Proof of liquor liability insurance covering the exterior of the premises has been

provided, showing Mid-Century Insurance Company affording the coverage for Fireside Foundry and Society Insurance affording coverage for Sandy's Tavern.

- The applicants have contacted food sanitarians from the City of Bloomington to ensure proper food handling practices are followed.

RECOMMENDED ACTION

By motion: Approve the request for a temporary expansion of the licensed premises for Thompson's Fireside Pizza, Inc. d/b/a Fireside Foundry located at 6736 Penn Avenue South, and Sandy's Tavern located at 6612 Penn Avenue South, to allow for the outside service of beer and malt beverages in their parking lot on Sunday, September 21, 2025, in conjunction with Richfield's Penn Fest event.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Richfield Police Department is committed to ensuring equity and inclusivity in our work. In some instances, equity considerations may not directly apply; however, staff review of policy and processes will always consider DEI principles.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Richfield City Code Section 1202.05 requires all applicants to comply with all of the provisions of this code, as well as the provisions of Minnesota Statute Chapter 340A.

CRITICAL TIMING ISSUES

Penn Fest takes place on September 21, 2025, so approval by the City Council is needed at the regular meeting on August 26, 2025.

FINANCIAL IMPACT

This is a temporary expansion for the premises of their current alcohol license, so no fee is required.

LEGAL CONSIDERATIONS

Minnesota Statute 340A.410, Subd. 7, states a licensing authority may issue a retail alcoholic beverage license only for a space that is compact and contiguous and the retail alcoholic beverage license is only effective for the licensed premises specified in the approved application which, in this case, is the interior of their business only. In previous years, the City attorney has advised the staff that the Council would need to approve an expansion beyond the interior walls of any establishment not already licensed for outdoor service.

ALTERNATIVE RECOMMENDATION(S)

The Council could deny the request for the temporary expansion of the licensed premises Fireside Foundry and Sandy's Tavern. This would mean the applicants would not be able to serve beer and malt beverages outside in the parking lot area of their establishments during Richfield's Penn Fest event.

ATTACHMENTS

None



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of the first reading of an ordinance amending subsection 905.40 of the Richfield City Code pertaining to the feeding of wildlife.

EXECUTIVE SUMMARY

The proposed update to the code addresses problems with the feeding of wildlife in the city, and not just deer and raccoons as currently written. A significant increase in complaints among neighbors has driven the need to create a new definition of deer and raccoons and suggest a prohibition on feeding wildlife in general.

HISTORICAL CONTEXT

Over the past several years, there have been increasing complaints from neighbors about properties with excessive feed (grains, corn, etc.) being intentionally placed on the ground, attracting abnormally large numbers of wildlife to yards. This has caused long-term, repeated complaints, unsuccessful mediation between residents and the inability of the city to enforce the current code referring to just raccoons and deer. Wildlife are better off not being fed by humans as it can be detrimental to their health and well-being, and can also create health and safety hazards for both humans and animals, according to the Minnesota DNR. By broadening the current definition of deer and raccoons to wildlife in general, this allows the city to address chronic feeding of wildlife on private property.

RECOMMENDED ACTION

By Motion: Approve the first reading of an ordinance amending city code subsection 905.40 addressing the feeding of wildlife.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Richfield Police Department is committed to ensuring equity and inclusivity in our work. In some instances, equity considerations may not directly apply; however, staff review of policy and processes will always consider DEI principles.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

This will amend subsection 905.40 to create a new definition of wildlife and the prohibition of feeding across the city.

CRITICAL TIMING ISSUES

There are no critical timing issues

FINANCIAL IMPACT

There is no financial impact

LEGAL CONSIDERATIONS

The City Attorney has reviewed and approved the contents of the staff report.

ALTERNATIVE RECOMMENDATION(S)

The City Council could deny the first reading of the ordinance and direct staff on how to proceed.

ATTACHMENTS

1. 2025-XX Wild Animals Ordinance

BILL NO. 2025-_____
AN ORDINANCE AMENDING SUBSECTION 905.40 OF THE
RICHFIELD CODE OF ORDINANCES PERTAINING TO
FEEDING WILD ANIMALS

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1. Subsection 905.40 of the Richfield Code of Ordinances is hereby amended as follows:

905.40 – Feeding of deer and raccoons wild animals prohibited.

Subdivison 1. ~~Prohibition. No person shall provide liquids or edible material to deer or raccoons within the boundaries of the City.~~

Definitions. For the purposes of this subsection the terms defined have the meanings given them:

- a. “Wild animal” is an animal that lives in its natural habitat and is not domesticated nor relies on humans for survival, such as but not limited to raccoons, deer, turkeys, ducks, squirrels, rabbits, geese, and other similar animals.
- b. “Feed” is providing non-birdseed or birdseed mixtures, grain, fruit, vegetables, hay, mineral salt or other food source, either at ground level or at a height of less than five (5) feet above any surface, including retaining walls, decks, and patios.

~~**Subd. 2.** Exception. This subsection does not apply to veterinarians, City animal wardens, or county, state or federal game officials who in the course of their duties have deer or raccoons in their custody or under their management.~~

Subd 2. Prohibition. No person shall feed any wild animal within the boundaries of the City or maintain any conditions on their property that would encourage or openly invite a wild animal to feed, such as, but not limited to excessive spillage from bird feeders onto the open ground.

Subd. 3. Penalty. A violation of this subsection shall be deemed a public nuisance.

Subd. 4. Exception. This subsection does not apply to veterinarians, authorized City officials, bird feeders above five (5) feet off any surface, fowl licensees, or county, state, or federal game officials who in the course of their duties have wild animals in their custody or under their management.

Subd. 5. This subsection is subject to any county, state, or federal temporary feeding ban.

Section 2. This ordinance will be effective in accordance with Section 3.09 of the City Charter.

Adopted by the City Council of the City of Richfield on this ____ day of _____ 2025.

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of a first reading of an ordinance amending sections 1135 and 925 of the Richfield City Code of Ordinances pertaining to temporary outdoor portable storage containers.

EXECUTIVE SUMMARY

The city has taken an increasing number of resident complaints over the past couple of years regarding portable hard-sided storage containers on private property for months on end, and in some cases, years. In a typical situation, a portable storage container is appropriate when remodeling or moving in or out of a home. The container may be onsite for a couple of weeks and then picked up. Staff suggest proposed changes to address the length of time a container can be onsite, along with a few other requirements.

HISTORICAL CONTEXT

In the cases highlighted, enforcement staff are seeing containers on driveways for months and in a few cases, years, being used as an accessory dwelling unit and permanent storage. Resident complaints highlight the aesthetics of the container in a residential driveway, the size of the container which creates safety issues of blocking sight lines, and the time the container has been onsite. The proposed changes include restriction of size, placement of container, a limit of one container at a time and a limit of three 30-day periods per calendar year for containers to be on a property, with an exception clause allowing a 6-month timeframe due to construction or remodeling and the requirement that the homeowner and/or contractor submit a request in writing for the extended placement.

RECOMMENDED ACTION

By Motion: Approve the first reading of an ordinance amending sections 1135 and 925 of the Richfield City Code of Ordinances pertaining to temporary outdoor portable storage containers.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Richfield Police Department is committed to ensuring equity and inclusivity in our work. In some instances, equity considerations may not directly apply; however, staff review of policy and processes will always consider DEI principles.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Richfield's current city code does not address stipulations around outdoor portable

storage pods.

CRITICAL TIMING ISSUES

There are no critical timing issues.

FINANCIAL IMPACT

There is no financial impact.

LEGAL CONSIDERATIONS

The City Attorney has reviewed and approved the contents of the staff report.

ALTERNATIVE RECOMMENDATION(S)

The City Council could deny the first reading of the ordinance and direct staff on how to proceed.

ATTACHMENTS

1. 2025-XX Temp Pod Containers Ordinance V2

BILL NO. 2025-_____

**AN ORDINANCE AMENDING SECTIONS 1135 AND 925 OF THE
RICHFIELD CODE OF ORDINANCES PERTAINING TO
TEMPORARY OUTDOOR PORTABLE STORAGE CONTAINERS**

Section 1. Subsection 1135.03 of the Richfield Code of Ordinances is hereby amended as follows:

1135.03. – Definitions.

Subdivision 1. For the purposes of this section, the terms defined in this subsection have the meaning given them.

Subd. 2. "Storage" means the placing or depositing of equipment, materials or inventory in a storage enclosure for safekeeping pending further use.

Subd. 3. "Equipment", "materials" or "inventory" means equipment, material or inventory owned or in possession in the course of business of an industrial or commercial establishment regulated by this section; the term does not include utility trailers or trucks stored or offered for sale by dealers licensed under section 1185, or new or used motor vehicles stored or offered for sale by motor vehicle dealers licensed under section 1155. (Correction, 12-22-89)

Subd. 4. "Merchandising" means the offering of goods for sale or rental to the general public.

Subd. 5. "Permanent outdoor display" means merchandising by display on a continuous, year-round basis.

Subd. 6. "Temporary outdoor display" means seasonal or intermittent merchandising by display on less than a continuous, year-round basis.

Subd. 7. "Temporary outdoor portable storage container" means a structure or enclosure used for the purpose of temporary storage of personal property.

Subd. 78. "Permanent outdoor display enclosure" means a structure, container or device of a permanent nature, designed in conformance with applicable provisions of the City building and fire prevention codes and this section, and used in display merchandise for sale.

Subd. 89. "Director" means the Director of Public Safety.

Section 2. The Richfield Code of Ordinances is hereby amended to add the following new subsection 1135.18:

1135.18 – Temporary outdoor portable storage containers.

Subdivision 1. Size and placement requirements. A temporary outdoor portable storage container is permitted on property in a residential zone subject to all the following requirements. The container:

- (a) Must be no larger than 16x8x8 feet.
- (b) Must be placed on a hard surface designed for parking such as concrete pavement, asphalt or gravel.
- (c) Must be placed as far back from any public street as reasonably possible.
- (d) May not be placed in areas reserved for off-street parking or landscaping.
- (e) May not unsafely obstruct the vision of drivers of automobiles entering onto the premises it is located on.
- (f) May not encroach on a public right-of-way or adjacent private property.

Subd. 2. Additional Requirements. The following additional requirements apply:

- (a) No more than one temporary portable storage container may be placed on a property at one time.
- (b) A temporary outdoor storage container may not remain on a property longer than thirty (30) consecutive days.
- (c) Placement of a temporary outdoor storage container is limited to three 30-day periods per calendar year on any single property.
- (d) Temporary outdoor storage containers must be sourced from an established and reputable company specializing in temporary outdoor storage.

Subd. 3. City approval required for longer storage period. A property owner may use a temporary outdoor portable storage container on their property for a period longer than allowed in subdivision 2, subject to all the following:

- (a) The extended period shall be no longer than 180 days within a 12-month period, starting on the date the container is first placed on the property.
- (b) The need for the extended period is related to construction or remodeling activity on the property.

- (c) The continued use of the container does not create public safety concerns, in the discretion of the City, or a public nuisance as defined by Section 925.
- (d) The property owner, manager of the construction work on the property, or their authorized representatives, must apply for a permit on a form provided by the City and receive written approval from the Director, or their designee, of the extended placement of the container.

Subd. 4. Public nuisance. Failure to comply with this subsection constitutes a public nuisance under City Code subsection 925.01, subd. 4.

Section 3. Subsection 925.01, subd. 4 of the Richfield Code of Ordinances is hereby amended to add a new paragraph (u):

925.01. – Public nuisances.

Subd. 4. Public nuisances affecting peace and safety. The following are declared to be nuisances affecting peace and safety:

...

- (u) Temporary outdoor portable storage containers that do not comply with the standards and requirements as set forth in subsection 1135.18.

Section 4. This ordinance will be effective in accordance with Section 3.09 of the City Charter.

Adopted by the City of Richfield this ___ day of _____, 2025.

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



Report Prepared By:

Jan Youngquist, Economic Development Manager

Department Director:

Melissa Poehlman, Community Development Director

Item for Consideration:

Consider approval of a Grant Compliance Agreement with MSP Lupe Richfield LLC regarding a Tax Base Revitalization Account Seeding Equitable Environmental Development Grant for 6501 Portland Avenue South.

EXECUTIVE SUMMARY

The former American Legion property located at 6501 Portland Avenue South (Property) has been identified for redevelopment for several years. MSP Lupe Richfield LLC (Property Owner) acquired the Property in December 2024 and is exploring options to redevelop the Property with multifamily housing. One of the first steps in the planning process is to identify any environmental issues with the building and the site.

Although a development project has not been approved, environmental investigation and cleanup will be required for any future redevelopment of the Property. The Metropolitan Council's Tax Base Revitalization Account Seeding Equitable Environmental Development (TBRA-SEED) Program is intended for sites located within equitable development areas with or without a specific development project underway that show potential for future job growth or housing development. The Metropolitan Council requires the city to be the applicant and administrator of TBRA-SEED Program funds.

On June 25, the City was awarded a TBRA-SEED Grant (Grant) in the amount of \$35,000 from the Metropolitan Council for environmental investigations of the Property. The Property Owner will undertake the activities and be reimbursed with the Grant funds. The Grant Compliance Agreement lays out the terms and conditions for reimbursing the Property Owner for these activities.

HISTORICAL CONTEXT

- The Property has been identified for redevelopment for several years. In 2021, the City undertook a master planning process for the area surrounding Veterans Memorial Park and identified the Property as an important site for future redevelopment.
- MSP Lupe Richfield LLC purchased the Property in December 2024 and has been exploring options to redevelop the Property with multifamily housing.
- On April 22, 2025, the City Council authorized staff to submit a TBRA-SEED application to the Metropolitan Council for environmental investigations of the Property.

- On June 25, 2025, the Metropolitan Council awarded a \$35,000 TBRA-SEED Grant to the City.

RECOMMENDED ACTION

By motion: Approve a Grant Compliance Agreement with MSP Lupe Richfield LLC regarding a Tax Base Revitalization Account Seeding Equitable Environmental Development Grant for 6501 Portland Avenue South.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- The Strategic Plan identifies a diversified tax base as a desired outcome. Evaluating the environmental conditions of the site is the first step to preparing the Property for redevelopment. Future redevelopment of the Property will help contribute toward a diversified tax base.
- The Property is located within an equitable development area, as identified by the Metropolitan Council. Evaluating the environmental conditions of the Property will identify the type of environmental cleanup that is required, which will benefit the residents in the equitable development area, as well as in the City overall.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

The City and the Metropolitan Council have executed a Grant Agreement that lays out the terms of the Grant. The Grant Compliance Agreement conveys those terms and conditions to MSP Lupe Richfield LLC.

CRITICAL TIMING ISSUES

- The Grant-funded activities may not commence until the Grant Compliance Agreement has been executed by the City and the Property Owner.
- The Grant expires June 30, 2027.

FINANCIAL IMPACT

- The City was awarded \$35,000 in Grant funds from the Metropolitan Council.
- The City intends to provide the Grant funds to the Property Owner.

LEGAL CONSIDERATIONS

- The City Attorney reviewed the Grant Compliance Agreement, which was prepared by the HRA Attorney.

ALTERNATIVE RECOMMENDATION(S)

1. Decide not to approve the Agreement.
2. Approve the Agreement with changes.

ATTACHMENTS

1. Grant Compliance Agreement

GRANT COMPLIANCE AGREEMENT

This GRANT COMPLIANCE AGREEMENT (the “Agreement”) is made and entered into this ___ day of _____, 2025, between the City of Richfield, Minnesota, a municipal corporation under the laws of the State of Minnesota (the “City”), and MSP Lupe Richfield LLC, a limited liability company (the “Property Owner”).

RECITALS

WHEREAS, the Property Owner owns the former American Legion site located at 6501 Portland Avenue South, Richfield, Minnesota (the “Property”), and is exploring developing multifamily housing on the Property; and

WHEREAS, to assist the Property Owner in obtaining financing for environmental investigations of the Property, the City submitted an application to the Metropolitan Council for funds available under the Tax Base Revitalization Account Seeding Equitable Environmental Development Program (“TBRA-SEED”); and

WHEREAS, the City was awarded and accepted a Tax Base Revitalization Account Seeding Equitable Environmental Development Grant in the maximum amount of \$35,000 from Metropolitan Council (the “TBRA-SEED Grant”); and

WHEREAS, pursuant to the Tax Base Revitalization Account Seeding Equitable Environmental Development Grant Agreement (the “TBRA-SEED Grant Agreement”), proceeds of the TBRA-SEED Grant may be used for a Phase I Environmental Site Assessment (“ESA”), Phase II ESA, and related environmental investigation and oversight (the “Eligible Costs”); and

WHEREAS, a copy of the TBRA-SEED Grant Agreement has been provided to the Property Owner; and

WHEREAS, the City intends to provide the proceeds of the TBRA-SEED Grant to the Property Owner to pay for Eligible Costs, and

NOW, THEREFORE, IT IS HEREBY AGREED by and between the City and the Property Owner as follows:

1. The TBRA-SEED Grant Agreement is incorporated herein by reference.
2. The Property Owner has read the TBRA-SEED Grant Agreement and agrees to comply with all terms, conditions, and obligations of the City under the TBRA-SEED Grant Agreement, including but not limited to providing evidence of expenditures for Eligible Costs, establishing and maintaining records, consenting to audits, and providing project progress reports.
3. Pursuant to Section 2.05 of the TBRA-SEED Grant Agreement, the Property Owner shall not use any grant funds for loans or grants to any subrecipient at any tier unless the City obtains the prior written consent of the Metropolitan Council.
4. The Property Owner agrees to fully indemnify the City for any liability incurred by the City with respect to the TBRA-SEED Grant Agreement.

IN WITNESS WHEREOF, the parties have executed this Grant Compliance Agreement effective the date and year first written above.

CITY OF RICHFIELD, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

MSP LUPE RICHFIELD LLC

By _____
Name _____
Its _____



Report Prepared By:

Julie Urban, Assistant Community Development Director

Department Director:

Melissa Poehlman, Community Development Director

Item for Consideration:

Consider approval of a Loan Agreement with Penn Station Apartments, LLLP for a Local Housing Initiatives Account Grant.

EXECUTIVE SUMMARY

The Metropolitan Council awarded the City a Local Housing Incentives Account (LHIA) Grant in the amount of \$850,000 for Penn Station Apartments LLLP (Developer) and the development of 42 units of affordable housing at 6501-25 Penn Avenue South. The development is using equity from federal Low Income Housing Tax Credits (LIHTC) to finance the project, and the rules of LIHTC financing make it most beneficial to the project if the LHIA funds are provided to the project in the form of a deferred loan. The Loan Agreement, promissory note, and mortgage between the City and the Developer lay out the terms of the loan, which are consistent with the requirements of the LHIA Grant.

HISTORICAL CONTEXT

- In December 2024 the development was awarded \$2.24 million in LIHTC.
- On June 10, 2025, the City Council approved land use entitlements for the development.
- On June 16, 2025, the City's Housing and Redevelopment Authority (HRA) approved a Contract for Private Redevelopment with the Developer to sell HRA-owned property located at 6501-25 Penn Avenue South for the development of 42 units of affordable housing.

RECOMMENDED ACTION

By motion: Approve a Loan Agreement and related documents with Penn Station Apartments LLLP for a Local Housing Initiatives Account Grant.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- The project provides housing that meets several of the City's Strategic Plan and equity goals including providing three and four bedroom housing units, housing affordable at 30% of the Area Median Income, and housing for people with disabilities.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

- LIHTC rules make it most beneficial to the development if the LHIA Grant is provided to the development as a deferred loan.

CRITICAL TIMING ISSUES

Approval of the loan documents by the City will help the Developer to submit the documents to Minnesota Housing for approval and meet the goal of closing on all financing sometime this Fall.

FINANCIAL IMPACT

- The \$850,000 Grant is provided by the Metropolitan Council. The City provides a small amount of in-kind staff time to administer the Grant.

LEGAL CONSIDERATIONS

- The loan documents were prepared by the City Attorney's office.
- The term of the loan is 30 years. At that time the Developer will be required to repay the loan to the City. In accordance with the terms of the City's Grant Agreement with the Metropolitan Council, the City agrees to do one of the following with the proceeds:
 - 1. Repay proceeds to the Metropolitan Council;
 - 2. Make the Grant funds available to the development for "an extended use period" (i.e., extension of the affordability period beyond 30 years), or;
 - 3. Redeploy the Grant funds in compliance with the Livable Communities Act or affordable housing goals.

ALTERNATIVE RECOMMENDATION(S)

1. Approve the loan documents with modifications.
2. Decide not to approve the loan documents.

ATTACHMENTS

1. LHIA Loan - Loan Agreement - (Penn Station)
2. LHIA Loan - Mortgage - (Penn Station)
3. LHIA Loan - Note - (Penn Station)
4. Penn Station Grant Agreement with Met Council

**LOAN AGREEMENT
(LHIA)**

THIS LOAN AGREEMENT (the “Agreement”) is made and entered into as of this ____ day of _____, 2025 (the “Effective Date”), between the City of Richfield, a municipal corporation under the laws of Minnesota (the “City”), and Penn Station Apartments LLLP, a limited liability limited partnership under the laws of Minnesota (the “Borrower”). The Effective Date is the date this Agreement is executed by the second party to sign.

WITNESSETH:

WHEREAS, the Borrower proposes to acquire and redevelop the property located at 6501-6525 Penn Avenue South in the City and legally described in Exhibit A attached hereto (the “Redevelopment Property”) and construct thereon a multifamily housing project consisting of approximately 42 units meeting certain affordability levels (the “Project”); and

WHEREAS, to assist with the costs of the Project, the City, on behalf of the Borrower, applied for and received a Local Housing Incentives Account (“LHIA”) grant in the total sum of \$850,000 (the “LHIA Grant”) from the Metropolitan Council (the “Council”); and

WHEREAS, on June 2, 2025, the Council and the City entered into a Metropolitan Livable Communities Act Grant Agreement (the “Grant Agreement”), with an expiration date of December 31, 2027, as may be extended pursuant to Section 5.03 of the Grant Agreement, as more specifically described herein and which is attached hereto as Exhibit B; and

WHEREAS, the proceeds of the LHIA Grant may be used for eligible project activities of the Project to be constructed on the Redevelopment Property and as further described in the Grant Agreement (the “Grant-Eligible Activities”), which amounts may be reallocated pursuant to Section 2.09 of the Grant Agreement; and

WHEREAS, the City desires to loan the proceeds of the LHIA Grant in the principal amount of \$850,000 to the Borrower (the “Loan”) to provide financing for a portion of the Grant-Eligible Activities with respect to the construction of the Project on the Redevelopment Property; and

WHEREAS, the City believes that the development of the Project, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable Minnesota and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the City and the Borrower desire to enter into this Agreement for the purpose of setting forth their respective responsibilities with respect to the Loan.

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

ARTICLE I DEFINITIONS

As used in this Agreement, the following terms shall have the following meaning:

Borrower Documents: any and all documents and instruments in connection with the Project as reasonably requested by the City.

Disbursement Request Form: the form, substantially in the form attached hereto as Exhibit C, to be submitted to the City when a disbursement of the Loan is requested and which is referred to in Article VI hereof, together with such other request forms as may be reasonably required from the Council and the City.

Grant Agreement: the Metropolitan Livable Communities Act Grant Agreement No. SG-22863 between the Council and the City for the Penn Station Project, attached hereto as Exhibit B.

Grant-Eligible Activities: the activities on the Redevelopment Property funded in full or in part by the LHIA Grant, as set forth in Exhibit A of the Grant Agreement.

Loan: the sum of \$850,000 to be loaned by the City to the Borrower under this Agreement.

Loan Documents: collectively, this Agreement, the Mortgage, and the Note.

Mortgage: the Combination Mortgage and Security Agreement of even date herewith from the Borrower to the City securing repayment of the Note in the form approved by the City.

Note: the Note of even date herewith from the Borrower to the City in the amount of the Loan evidencing Borrower's obligation to repay the Loan in the form approved by the City.

Plans and Specifications: the final plans and specifications for the construction and installation of the Grant-Eligible Activities which have been approved by the City.

Project: the Penn Station Project including approximately 42 units of affordable multifamily residential housing.

Project Costs: the costs of the Grant-Eligible Activities eligible to be reimbursed with the proceeds of the LHIA Grant under the Grant Agreement and as authorized by law.

Redevelopment Property: the property legally described in Exhibit A attached hereto.

**ARTICLE II
TERM OF AGREEMENT**

This Agreement shall take effect and be in force from and after the Effective Date, and shall remain in effect until the Borrower has performed all of its obligations under this Agreement, the Loan Documents, and the Grant Agreement, unless earlier terminated as provided in this Agreement or the Grant Agreement.

**ARTICLE III
THE LOAN**

Subject to the terms and conditions of this Agreement, the City will make the Loan to the Borrower to be used for payment of Project Costs, which Loan shall be disbursed pursuant to this Agreement. In consideration for the Loan, the Borrower agrees to perform all of its obligations under this Agreement. The Loan shall be evidenced by the Note payable by the Borrower to the City which shall be dated as of the date of closing on the Loan (the "Loan Closing Date"). Proceeds of the Loan shall be disbursed in accordance with Articles V and VI hereof.

**ARTICLE IV
STATEMENT OF WORK**

Proceeds of the Loan may be used to construct any of the improvements described as Grant-Eligible Activities in the Grant Agreement in accordance with the terms set forth herein. In accordance with the Grant Agreement, the Borrower will commence construction of the Grant-Eligible Activities and pay the Project Costs with respect to the Project Improvements prior to December 31, 2027. The grant expires on December 31, 2027. If the Borrower finds it necessary to request an extension of the Grant Agreement from the Metropolitan Council, the Borrower must provide written notice to the City at least 120 days prior to the expiration date of the grant for the City to have sufficient time to request an extension of the Grant Agreement under Section 5.03 of the Grant Agreement.

**ARTICLE V
CONDITIONS OF DISBURSEMENT**

The obligation of the City to make or cause to be made disbursements of the proceeds of the Loan pursuant to Article VI hereof shall be subject to the conditions precedent that it shall have received on or before the date of the disbursement hereunder the following:

- a. the Borrower Documents, the Mortgage, and the Note, duly executed and delivered by the Borrower;
- b. evidence satisfactory to the City that the Grant-Eligible Activities and the construction and contemplated use thereof are permitted by and comply in all material respects with all applicable restrictions and requirements in prior conveyances, zoning ordinances, subdivision and platting requirements and other laws and regulations;

c. all other conditions specified in the authorizing City approvals and entitlements and the Grant Agreement shall have been duly satisfied by the Borrower or waived in writing by the City or the Council, as applicable;

d. no uncured Event of Default (as defined in Article VIII hereof), and no event which with the giving of notice or the lapse of time or both would constitute an Event of Default, shall have occurred and be continuing and all representations and warranties made by the Borrower in Article VII hereof shall continue to be, in all material respects, true and correct as of the date of such disbursement;

e. if required by the City, the City shall have been furnished with a statement of the Borrower and of any contractor, in form and substance acceptable to the City, to the extent reasonably available, setting forth the names, addresses and amounts due or to become due as well as the amounts previously paid to every contractor, subcontractor, person, firm or corporation furnishing materials or performing labor in connection with the construction of any part of the Grant-Eligible Activities; and

f. the Borrower shall have provided to the City such documentation and information reasonably necessary to evidence its compliance with all of the provisions of this Agreement, including without limitation the provisions of the Grant Agreement applicable to the Borrower, as the City may reasonably request.

ARTICLE VI REQUESTS FOR DISBURSEMENT

6.01. Disbursement. The City and the Borrower agree that, on the terms and subject to the conditions hereinafter set forth and the conditions set forth in the Grant Agreement, including the reallocation of Project Costs among the Grant-Eligible Activities pursuant to Section 2.09 of the Grant Agreement, the Loan shall be disbursed from the City to the Borrower, or the Borrower's agent or designee, in disbursements, with the last disbursement being made upon one hundred percent (100%) completion of the Grant-Eligible Activities. Disbursements of the Loan shall not be made more often than monthly. Notwithstanding anything to the contrary contained herein, the City shall only be obligated to make the disbursements hereunder to pay Project Costs in an amount up to or equal to the lesser of the amount of the Loan or the amount actually disbursed by the Council to the City under the Grant Agreement and such obligation is further subject to the conditions of Article V hereof.

6.02. Disbursement Request.

a. When the Borrower desires to obtain a disbursement of the Loan, the Borrower shall submit to the City the Disbursement Request Form, together with any additional documents reasonably required by the City or the Council, duly signed by the Borrower.

The Disbursement Request Form shall be submitted by the Borrower at least 45 days prior to the date of the requested disbursement. The Disbursement Request Form

shall constitute a representation and warranty by the Borrower to the City that all representations and warranties of the Borrower set forth in the Borrower Documents are true and correct as of the date of such Disbursement Request Form, except for such representations and warranties which, by their nature, would not be applicable as of the date of such Disbursement Request.

b. At the time of submission of the Disbursement Request Form, the Borrower shall also submit the following to the City:

1. a written lien waiver from the general contractor for work done and materials supplied by it which were paid or a conditional lien waiver from the general contractor for work done and materials supplied by it which are to be paid pursuant to the current Disbursement Request Form and from each subcontractor for work done and materials supplied by it which were paid or are to be paid for pursuant to the prior Disbursement Request Form;

2. evidence satisfactory to the City that the Grant-Eligible Activities completed as of the date of the Disbursement Request Form have been constructed in accordance with the Plans and Specifications in all material respects;

3. an executed Sworn Construction Statement, in form and substance acceptable to such parties, signed by the Borrower showing all costs and expenses of any kind theretofore actually paid or incurred in constructing the Grant-Eligible Activities; and

4. a certified statement of the Borrower reflecting the use to which the proceeds of the Loan have been applied in addition to those uses reflected in the Sworn Construction Statement referred to in clause (b)(3) above.

c. Upon receipt of the Disbursement Request Form, if the City has determined that all the conditions set forth in Articles V and VI hereof have been satisfied, a request for disbursement shall be submitted to the Council. The adequacy of the request for disbursement shall be determined by the City and the Council in their sole discretion, such determination not to be unreasonably withheld, conditioned, or delayed. After submission of the Disbursement Request Form, if the Borrower has performed all of its agreements and complied with all requirements to be performed or complied with under this Agreement and the Grant Agreement, including satisfaction of all applicable conditions precedent contained in Article V hereof, the City shall make a disbursement to the Borrower, or the Borrower's agent or designee, in the amount of the requested disbursement or such lesser amount as shall be approved, within 45 days after the date of the City's receipt of the Disbursement Request Form, or, if later, upon receipt of grant proceeds from the Council. Each disbursement shall be paid from the proceeds of the LHIA Grant, subject to the City's and the Council's determination that the relevant Project Cost is payable from the LHIA Grant under the Grant Agreement. The City is under no obligation to disburse any proceeds of the Loan until it receives a disbursement of the LHIA Grant from the Council. Notwithstanding anything to the contrary herein, if the Project Costs of the Grant-Eligible Activities exceeds the amount

to be reimbursed under this Agreement, such excess shall be the sole responsibility of the Borrower.

ARTICLE VII
BORROWER'S COVENANTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS

The Borrower covenants, represents, warrants and agrees that:

a. The Borrower is a limited liability limited partnership duly organized and validly existing under the laws of Minnesota, is duly authorized to operate in Minnesota, has the power to enter into and execute this Agreement and by appropriate action has authorized the execution and delivery of this Agreement.

b. The Borrower Documents will not result in any breach of or constitute a default under any other mortgage, lease, loan, grant or credit agreement, organizational documents, or other instrument to which the Borrower is a party or by which it may be bound or affected.

c. The Loan Documents will constitute valid, legal and binding obligations of the Borrower enforceable against the Borrower.

d. The Borrower has or will have all necessary approvals, licenses and permits required for construction and operation of the Project except those which cannot be obtained until completion of the Grant-Eligible Activities or the Project, as the case may be.

e. The Borrower shall permit the City, upon reasonable notice, during normal business hours, and in a manner that does not unreasonably interfere with Borrower's operations, to examine all books, records, contracts, plans, permits, bills and statements of account pertaining to the Grant-Eligible Activities and to make copies as the City may require.

f. The Borrower shall obey and comply with all federal, state and local laws, rules and regulations in connection with the Project.

g. The City's actions in approving the Loan shall not be construed as an approval by the City of providing any additional funds for the Project or other improvements related to the Project.

h. The Borrower agrees to pay for all of the costs incurred to construct the Grant-Eligible Activities including any cost overruns. There are no public funds for the Grant-Eligible Activities except for the Loan.

ARTICLE VIII DEFAULT

Any one or more of the following shall constitute an event of default (an “Event of Default”) under this Agreement:

a. The Borrower shall herein default in the performance or observance of any agreement, covenant or condition required to be performed or observed by the Borrower under the terms of this Agreement or the Grant Agreement, to the extent such obligations exist, and such default shall not be remedied within 60 days after written notice to the Borrower from the City specifying such default.

b. The Borrower shall be in default of any term of any other agreement relating to the Grant-Eligible Activities which is not cured within 60 days after written notice from the City or if the default cannot be cured within 60 days within such reasonable time as is required to cure the default, provided that the Borrower is diligently pursuing a cure.

c. Any representation or warranty made by the Borrower herein or any document or certificate furnished to the City shall prove at any time to be materially incorrect or misleading as of the date made.

d. The Borrower engages in any illegal activities.

e. The Borrower uses any of the Loan funds contrary to this Agreement or the Grant Agreement which is not cured within 60 days after written notice from the City.

f. The Borrower shall fail to obtain and/or keep in force insurance only of the types and in the amounts as specified within this Agreement, or shall fail to indemnify and hold harmless the City as set forth herein which is not cured within 10 business days after written notice from the City, or such longer period as may be reasonably required to obtain such insurance provided Borrower is diligently pursuing the same.

g. The failure to repay any principal of the Loan when due.

ARTICLE IX REMEDIES

Whenever any Event of Default shall have happened and is continuing beyond any applicable cure period, any one or more of the following remedial steps may be taken by the City:

a. The City may terminate this Agreement;

b. The City may suspend or terminate any further disbursements to be made under this Agreement;

c. The City may suspend its performance under this Agreement during the continuance of the Event of Default; and/or

d. The City may take whatever action at law or in equity, consistent with applicable law and subject to the limitations herein, as may be necessary or appropriate to seek repayment or reimbursement of the Loan funds disbursed to the Borrower, to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower under this Agreement, or any related instrument; or to otherwise compensate the City for any damages on account of such Event of Default.

No remedy conferred upon or reserved to the City 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 Event of Default shall impair any such right or power, nor 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. To entitle the City to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or be required by law.

ARTICLE X ADDITIONAL PROVISIONS

a. Indemnity, Hold Harmless. The Borrower shall and does hereby agree to indemnify against and to hold the City, and its officers, council members, agents, and employees including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this section, collectively the “Indemnified Parties”), harmless of and from any and all liability, loss, or damage to the extent caused by Borrower’s acts or omissions that it or they may incur under or by reason of this Agreement and against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Grant-Eligible Activities or the Project, and of and from any and all claims and demands whatsoever that may be asserted against one or more of the Indemnified Parties by reason of any alleged obligations or undertakings on the Borrower’s part to perform or discharge any of the terms, covenants, or agreements contained herein.

Except for any willful misrepresentation or any willful, wanton, or grossly negligent misconduct of the Indemnified Parties, the Borrower agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever under this Agreement, the Grant Agreement or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project or the Grant-Eligible Activities.

This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and repayment of any indebtedness to City under this Agreement.

b. Independent Contractor. For the purpose of this Agreement, the Borrower shall be deemed an independent contractor and not an employee or agent of the City. Any and all employees or agents of the Borrower shall not be considered employees or agents of the City.

c. Compliance With Minnesota Laws. All of the data created, collected, received, stored, used, maintained or disseminated by the Borrower with respect to the Grant-Eligible Activities are subject to the requirements of Minnesota Statutes, Chapter 13, (the “Minnesota Government Data Practices Act” or “MGDPA”) and, except as provided in Section 13.05, subdivision 11(b) of the MGDPA, the Borrower agrees to comply with those requirements under the MGDPA to the extent applicable. The remedies in Section 13.08 of the MGDPA may apply to the Borrower. If any provision of this Agreement is in conflict with the MGDPA or other Minnesota State laws, state law shall control. The Borrower shall comply with the conflict of interest provisions of Minnesota Statutes, Sections 471.87 through 471.88.

d. Contractor and Subcontractor Compliance. The Borrower shall comply with and shall cause all contractors and subcontractors to comply with all applicable state and federal laws, and to the extent applicable to the Borrower, the Grant Agreement. The Borrower shall require all contractors and subcontractors performing work covered by the Loan to obtain all required permits, licenses and certifications and comply with all applicable state and federal Occupational Safety and Health Act regulations.

e. Site Compliance. The Borrower shall meet or require to be met all applicable requirements of:

(1) Federal and state laws relating to stormwater discharges including, without limitation, any applicable requirements of Code of Federal Regulations, title 40, parts 122 and 123; and

(2) The Council’s *2030 Water Resources Management Policy Plan* and the City’s local water management plan applicable to the Redevelopment Property and the Project.

f. Fair Housing Compliance. The Borrower shall comply in all respects with the affordability and fair housing marketing plan requirements set forth in Article 3 of the Grant Agreement.

g. Environmental Site Assessment. The Borrower shall ensure that a Phase I Environmental Site Assessment or other environmental review of the Project will be carried out if appropriate for the scope and nature of the Project.

**ARTICLE XI
INSURANCE**

With respect to the Project, the Borrower shall maintain all insurance required by the Grant Agreement.

**ARTICLE XII
RECORDS AND REPORTS**

Upon request, the Borrower shall submit to the City a full account of the status of the activities undertaken as part of this Agreement. The following records shall be maintained by the Borrower, copies of which shall be submitted in such form as City may prescribe:

- a. All receipts and invoices relating to expenditure of Loan funds.
- b. Records shall be sufficient to reflect all costs incurred in performance of the Loan. The books, records, documents, and accounting procedures, relevant to the Loan shall be subject to examination by the City, the Council and state agencies and the legislative auditor.

**ARTICLE XIII
AMENDMENT**

This Agreement shall not be amended or modified without the prior written approval of the City and the Borrower.

**ARTICLE XIV
INCORPORATION OF GRANT AGREEMENT**

The Borrower acknowledges and agrees that all terms, conditions and obligations contained in the Grant Agreement are incorporated herein, and made a part of this Agreement. In addition to the terms, conditions and obligations described herein, the Borrower further acknowledges, accepts and assumes all of the City's obligations described in the Grant Agreement, unless such obligations can only be reasonably performed by the City, including but not limited to, the obligation to repay the LHIA Grant if required by the Council. For purposes of enforcing this Agreement, the Borrower acknowledges, accepts and agrees that the City shall inure to, and possess the rights and authority of the Council as described in the Grant Agreement.

**ARTICLE XV
MISCELLANEOUS**

- a. Notices. All notices provided for herein shall be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, addressed as follows:

(a) Name and Address of the Borrower:

Penn Station Apartments LLLP
510 Brunson Street, Suite 100
St. Paul, MN 55130
Attn: Johnny Opara, President and CEO

With a copy to: Winthrop & Weinstine, P.A.
225 South 6th St, Suite 3500
Minneapolis, MN 55402
Attn: Jon L. Peterson

(b) Name and Address of the City:

City of Richfield
6700 Portland Avenue South
Richfield, MN 55423
Attn: Community Development Director

With a copy to: Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attention: Ronald H. Batty

or addressed to either party at such other address as such party shall hereafter furnish by notice to the other party as above provided.

b. Binding Effect; Waiver. The provisions of this Agreement shall inure to the benefit of and be binding upon the Borrower and the City and their respective successors and assigns. No delay on the part of the City in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege constitute such waiver nor exhaust the same, which shall be continuing. The rights and remedies of the City specified in this Agreement shall be in addition to and not exclusive of any other right and remedies which the City, by operation of law, would otherwise have.

c. Survival of Agreements, Representations and Warranties. All agreements, representations and warranties made in this Agreement by the Borrower shall survive its termination.

d. Governing Law. This Agreement and the attachments are to be construed and enforced according to and governed by the laws of Minnesota.

e. Counterparts, Electronic Signatures. This Agreement may be executed in any number of counterparts, all of which shall constitute a single agreement, any one of which bearing signatures of all parties shall be deemed an original. An electronic or facsimile signature is deemed to be the same as an original signature.

f. Time. Time is of the essence in the performance of this Agreement.

g. Entire Agreement. This Agreement contains the entire agreement of the parties hereto on the matters covered herein. No other agreement, statement or promise made by either party or by any employee, officer or agent of either party hereto that is not in writing and signed by both parties to this Agreement shall be binding.

h. No Joint Venture. The relationship between the City and the Borrower is solely that of grantor and grantee and the relationship by and between the City and the Borrower is not, nor shall it be deemed to create, a partnership or joint venture in the Project.

i. Venue. All matters whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by and determined in accordance with the laws of Minnesota, and the Borrower agrees that all legal actions initiated by the Borrower with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in District Court in Hennepin County, Minnesota.

j. Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Agreement and the City should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance of any obligation or agreement on the part of the Borrower, the Borrower will on demand pay to the City the reasonable fee of such attorneys and such other expenses so incurred, but only in the event the City prevails in pursuing such claims and as awarded by a court of competent jurisdiction.

k. Assignment. This Agreement may not be assigned by the Borrower without the prior written consent of City, which consent shall be in the sole discretion of the City.

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

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

PENN STATION APARTMENTS LLLP, a
Minnesota limited liability limited partnership

By: Penn Station Apartments LLC, a Minnesota
limited liability company
Its: General Partner

By: JO Companies, LLC,
a Minnesota limited liability company
Its Sole Member

By: Johnny Opara
Its Manager

Dated: _____

CITY OF RICHFIELD, MINNESOTA

By _____
Mary B. Supple, Mayor

Dated: _____

By _____
Katie Rodriguez, City Manager

Dated: _____

EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

The Redevelopment Property is legally described as follows:

[to be completed]

EXHIBIT B

GRANT AGREEMENT

Livable Communities Project Summary

Grant # SG-22863
Type: Local Housing Incentives Account
Applicant: City of Richfield
Project Name: Penn Station
Project Location: 6501 & 6525 Penn Avenue South
Council District(s): 5 – John Pacheco, Jr.

Project Detail	
Project Overview	New construction, 42-unit affordable housing development. Seven units will be set aside for High Priority Homeless residents and another six will be set aside for People with Disabilities. The project will include an on-site play area for children as well as ground floor amenity space for residents including on-site management, a fitness center, and a community room.
Total housing units	42
Affordability Bands	<30% AMI: 16 units 51-60% AMI: 26 units
Unit Sizes	One BR: 8 units Two BR: 22 units Three BR: 8 units Four BR: 4 units
Funding	
LHIA Funds	\$850,000
LHIA Match Source	City of Richfield Affordable Housing Trust Fund: \$485,000 Reduced Sale Price from the City of Richfield: \$1,000,000

ATTACHMENT A

PROJECT SUMMARY

This attachment comprises this page and the succeeding page(s) which contain(s) a summary of the Project identified in the application for Local Housing Incentives Account grant funds submitted in response to a consolidated Request for Proposals issued with Minnesota Housing for the Funding Cycle identified at Page 1 of this Agreement. The summary reflects the proposed Project for which the Grantee was awarded grant funds by the Council Action, and may reflect changes in Project funding sources, changes in funding amounts, or minor changes in the proposed Project that occurred subsequent to application submission. The application is incorporated into this Agreement by reference and is made a part of this Agreement as follows. If the application or any provision in the application conflicts with or is inconsistent with the Council Action, other provisions of this Agreement, or the Project summary contained in this Attachment A, the terms, descriptions, and dollar amounts reflected in the Council Action or contained in this Agreement and the Project Summary shall prevail. For the purposes of resolving conflicts or inconsistencies, the order of precedence is: (1) the Council Action; (2) this Agreement; (3) the Project Summary; and (4) the grant application.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

IN WITNESS WHEREOF, the Grantee and the Council have caused this Agreement to be executed by their duly authorized representatives. This Agreement is effective on the date of final execution by the Council.

CITY OF RICHFIELD

METROPOLITAN COUNCIL

By: Mary B. Supple

By: LisaBeth Barajas

Title: Mayor of Richfield

LisaBeth Barajas, Executive Director
Community Development Division

Date: 01/29/25

Date: 06/02/2025

By: Katei Reay

Title: City Manager

Date: 01/30/25

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

Approved as to form:

By: Mary Tietjen
Mary Tietjen (Jan 29, 2025 14:41 CST)
City Attorney's Office

Date: 01/29/25

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

6.10. Authorization to Reproduce Images. The Grantee certifies that the Grantee: (a) is the owner of any renderings, images, perspectives, sections, diagrams, photographs, or other copyrightable materials (collectively, “copyrightable materials”) that are in the Grantee’s application or are submitted to the Council as part of the grant application review process or after grant award, or that the Grantee is fully authorized to grant permissions regarding the copyrightable materials; and (b) the copyrightable materials do not infringe upon the copyrights of others. The Grantee agrees the Council has a nonexclusive royalty-free license and all necessary permissions to reproduce and publish the copyrightable materials for noncommercial purposes, including but not limited to press releases, presentations, reports, and on the internet. The Grantee also agrees the Grantee will not hold the Council responsible for the unauthorized use of the copyrightable materials by third parties.

6.11. Warranty of Legal Capacity. The individuals signing this Agreement on behalf of the Grantee and on behalf of the Council represent and warrant on the Grantee’s and the Council’s behalf respectively that the individuals are duly authorized to execute this Agreement on the Grantee’s and the Council’s behalf respectively and that this Agreement constitutes the Grantee’s and the Council’s valid, binding, and enforceable agreements.

6.12. Counterparts. This Agreement may be executed in counterpart, each of which counterpart constitutes an original, but both of which together constitute one instrument.

6.13. Electronic Signatures. The electronic signatures of the Council’s and the Grantee’s authorized representatives shall be valid as an original signature of the authorized representatives and shall be effective to bind the Council and the Grantee under this Agreement. This Agreement containing, or to which there is affixed, an electronic signature shall be deemed to: (a) be “written” or “in writing”; (b) have been signed; and (c) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. “Electronic signature” also means a manually signed original signature that is then transmitted by any electronic means, including without limitation a faxed version of an original signature or an electronically scanned and transmitted version (*e.g.*, via PDF) of an original signature. The Council’s or the Grantee’s failure to produce the original signature of any electronically transmitted signature shall not affect the enforceability of this Agreement.

This space intentionally left blank. Signature page follows.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

Until the Project is completed, the Grantee shall ensure the above acknowledgment language, or alternative language approved by the Council's Authorized Agent, is included on all signs (if any) located at Project or construction sites that identify Project funding partners or entities providing financial support for the Project. The acknowledgment and signage should refer to the "Metropolitan Council" (not "Met Council" or "Metro Council").

6.05. Permits, Bonds, and Approvals. The Council assumes no responsibility for obtaining any applicable local, state, or federal licenses, permits, bonds, authorizations, or approvals necessary to perform or complete the Project activities described or identified in Attachment A. The Grantee and its developer(s), if any, must comply with all applicable licensing, permitting, bonding, authorization, and approval requirements of federal, state, and local governmental and regulatory agencies, including conservation districts.

6.06. Subgrantees, Contractors, and Subcontractors. The Grantee shall include in any subgrant, contract, or subcontract for Project activities appropriate provisions to ensure subgrantee, contractor, and subcontractor compliance with all applicable state and federal laws and this Agreement. Along with such provisions, the Grantee shall require that contractors and subcontractors performing work covered by this Agreement comply with all applicable state and federal Occupational Safety and Health Act regulations. The Grantee's subgrant agreement(s) shall expressly include the affordability and affirmative fair housing marketing plan requirements of Sections 3.01 and 3.02.

6.07. Stormwater Discharge and Water Management Plan Requirements. If any grant funds are used for urban site redevelopment, the Grantee shall at such redevelopment site meet or require to be met all applicable requirements of:

- (a) Federal and state laws relating to stormwater discharges including, without limitation, any applicable requirements of Code of Federal Regulations, title 40, parts 122 and 123; and
- (b) The Council's *2040 Water Resources Policy Plan* and the local water management plan for the jurisdiction within which the redevelopment site is located.

6.08. Authorized Agent. Payment requests, written reports, and correspondence submitted to the Council pursuant to this Agreement shall be directed to the Authorized Agent named below or their successor through the Council's online grants administration portal or to the below contact information:

Attn: Kelly Nezworski
Metropolitan Council
CD & MTS Finance and Administration
390 Robert Street North
Saint Paul, Minnesota 55101-1805
kelly.nezworski@metc.state.mn.us

6.09. Non-Assignment. Minnesota Statutes section 473.254, subdivision 6, requires the Council to distribute the grant funds to eligible "municipalities" or "development authorities" for projects in municipalities participating in the Local Housing Incentives Account program. Accordingly, this Agreement is not assignable and shall not be assigned by the Grantee.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

5.03. Amendments and Extension. The Council and the Grantee may amend this Agreement by mutual agreement. Amendments or an extension of this Agreement shall be effective only on the execution of written amendments signed by authorized representatives of the Council and the Grantee. If the Grantee needs a change to the Project, additional time within which to complete grant-funded activities and commence the Project, a change in the budget, or a change in the grant-funded activities the Grantee must submit to the Council **AT LEAST NINETY (90) CALENDAR DAYS PRIOR TO THE EXPIRATION DATE**, a complete, written amendment request. All requirements must be met for a request to be considered complete. **THE EXPIRATION DATE MAY BE EXTENDED, BUT THE PERIOD OF ANY EXTENSION(S) SHALL NOT EXCEED TWO (2) YEARS BEYOND THE ORIGINAL EXPIRATION DATE IDENTIFIED AT PAGE 1 OF THIS AGREEMENT.**

VI. GENERAL PROVISIONS

6.01. Equal Opportunity. The Grantee agrees it will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, gender identity, marital status, status with regard to public assistance, familial status, membership or activity in a local civil rights commission, disability, sexual orientation, or age and will take affirmative action to insure applicants and employees are treated equally with respect to all aspects of employment, rates of pay and other forms of compensation, and selection for training.

6.02. Conflict of Interest. The members, officers, and employees of the Grantee shall comply with all applicable state statutory and regulatory conflict of interest laws and provisions.

6.03. Liability. Subject to the limitations provided in Minnesota Statutes chapter 466, to the fullest extent permitted by law, the Grantee shall defend, indemnify, and hold harmless the Council and its members, employees, and agents from and against all claims, damages, losses, and expenses, including but not limited to attorneys' fees, arising out of or resulting from the conduct or implementation of the Project activities funded by this grant, except to the extent the claims, damages, losses and expenses arise from the Council's own negligence. Claims included in this indemnification include, without limitation, any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes chapter 115B, the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) as amended, United States Code, title 42, sections 9601 *et seq.*, and the federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code, title 42, sections 6901 *et seq.* This obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which otherwise would exist between the Council and the Grantee. The provisions of this section shall survive the expiration or termination of this Agreement. This indemnification shall not be construed as a waiver on the part of either the Grantee or the Council of any immunities or limits on liability provided by Minnesota Statutes chapter 466, or other applicable state or federal law.

6.04. Acknowledgments and Signage. The Grantee will acknowledge the financial assistance provided by the Council in promotional materials, press releases, reports, and publications relating to the Project. The acknowledgment will contain the following or comparable language:

*Financing for this project was provided by the Metropolitan Council
Metropolitan Livable Communities Fund.*

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

following the completion of the Project activities or six (6) years following the expenditure of the grant funds, whichever occurs earlier. Pursuant to Minnesota Statutes section 16C.05, subdivision 5, the books, records, documents and accounting procedures and practices of the Grantee that are relevant to this Agreement are subject to examination by the Council and either the Legislative Auditor or the State Auditor, as appropriate, for a minimum of six (6) years.

4.03. Reporting and Continuing Requirements. The Grantee will report to the Council on a semi-annual basis by January 31 (for the period of July 1 through December 31) and July 31 (for the period January 1 through June 30) of each calendar year during the term of this Agreement. The Grantee reports shall describe the status of the Project activities described or identified in Attachment A. The report shall also describe the Project spending for the current reporting period and projected spending for the future reporting periods. The Grantee also must complete and submit to the Council a Final Report before the final disbursement of grant funds will be approved. The form and content of the semi-annual status reports and the Final Report will be determined by the Council. These reporting requirements and the reporting requirements of Sections 2.06 and 2.07 shall survive the expiration or termination of this Agreement.

4.04. Environmental Site Assessment. The Grantee represents that a Phase I Environmental Site Assessment or other environmental review has been or will be carried out, if such environmental assessment or review is appropriate for the scope and nature of the Project activities funded by this grant, and that any environmental issues have been or will be adequately addressed.

V. AGREEMENT TERM

5.01. Term and Close Out. This Agreement is effective upon execution of this Agreement by the Council. Unless terminated pursuant to Section 5.02, this Agreement expires on the Expiration Date identified at Page 1 of this Agreement. Failure of the Grantee to timely execute this Agreement does not extend the Expiration Date. The Grantee has 120 calendar days after the Expiration Date to provide documentation and information necessary to close out this Agreement and receive disbursements for eligible grant-funded Project activities as prescribed in Section 2.04. If the Grantee fails to provide necessary documentation and information during this 120-day close out period, the Grantee shall not be eligible to receive any unpaid grant funds and the Council will not disburse any unpaid grant funds to the Grantee. This 120-day close out period does not extend any Grantee reporting deadlines established in this Agreement or authorize the Grantee to expend or commit any grant funds after the Expiration Date.

5.02. Termination. This Agreement may be terminated by the Council for cause at any time upon fourteen (14) calendar days' written notice to the Grantee. Cause shall mean a material breach of this Agreement and any amendments of this Agreement. If this Agreement is terminated prior to the Expiration Date, the Grantee shall receive payment on a pro rata basis for eligible Project activities described or identified in Attachment A that have been completed prior to the termination. Termination of this Agreement does not alter the Council's authority to recover grant funds on the basis of a later audit or other review and does not alter the Grantee's obligation to return any grant funds due to the Council as a result of later audits or corrections. If the Council determines the Grantee has failed to comply with the terms and conditions of this Agreement and the applicable provisions of the Metropolitan Livable Communities Act, the Council may take any action to protect the Council's interests and may refuse to disburse additional grant funds and may require the Grantee to return all or part of the grant funds already disbursed.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

Grantee shall, through written instruments or otherwise, ensure the Project owner (and any subsequent owner(s)) adopts and implements an affirmative fair housing marketing plan for all Project housing units. For the purposes of this section, “affirmative fair housing marketing plan” means an affirmative fair housing marketing plan that substantially conforms to affirmative fair housing marketing plans published by the U.S. Department of Housing and Urban Development (“HUD”) or sample affirmative fair housing marketing plans published by the Minnesota Housing Finance Agency. The affirmative fair housing marketing plan requirement under this section shall continue for the minimum affordability term specified in Section 3.01 and shall survive the expiration or termination of this Agreement.

3.03. Section 8 Housing Choice Vouchers. If the Project is a housing project, or includes housing units (whether market rate or affordable) and the Grantee stated in its application that the Project housing units would be made available to households participating in the federal Housing Choice Voucher program, the Grantee shall, through written instruments or otherwise, ensure the Project owner (and any subsequent owner(s)) adopts and implements a policy under which the Project owner will not refuse to lease Project units to households or individuals participating in the Housing Choice Voucher program because those households or individuals are Housing Choice Voucher program participants. The Housing Choice Voucher requirement under this section shall continue for the minimum affordability term specified in Section 3.01 and shall survive the expiration or termination of this Agreement.

3.04. Fair Housing Policy. If the Project will include a housing component, the governing body of the Participating Municipality within which the Project is located must have adopted a Fair Housing Policy. For the purposes of this section, the term “Fair Housing Policy” means a written statement regarding the Participating Municipality’s commitment to fair housing that substantively includes at least the following elements: a purpose statement; procedures for responding to fair housing concerns and complaints; and a designated individual or staff position responsible for fair housing issues. A best practices guide, as well as a copy of a model local fair housing policy is available at: <https://metrocouncil.org/Handbook/Files/Resources/Best-Practices/Fair-Housing-Policy-Guide.aspx>.

IV. ACCOUNTING, AUDIT, AND REPORT REQUIREMENTS

4.01. Accounting and Records. The Grantee agrees to establish and maintain accurate and complete accounts and records relating to the receipt and expenditure of all grant funds received from the Council. Notwithstanding the expiration and termination provisions of Sections 5.01 and 5.02, such accounts and records shall be kept and maintained by the Grantee for a period of six (6) years following the completion of the Project activities described or identified in Attachment A or six (6) years following the expenditure of the grant funds, whichever occurs earlier. For all expenditures of grant funds received pursuant to this Agreement, the Grantee will keep proper financial records and other appropriate documentation sufficient to evidence the nature and expenditure of the dollar-for-dollar match funds required under Section 2.03. Accounting methods shall be in accordance with generally accepted accounting principles.

4.02. Audits. The above accounts and records of the Grantee shall be audited in the same manner as all other accounts and records of the Grantee are audited and may be audited or inspected on the Grantee’s premises or otherwise by individuals or organizations designated and authorized by the Council at any time, following reasonable notification to the Grantee, for a period of six (6) years

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

WITHIN WHICH THE PROJECT IS LOCATED HAS ADOPTED A FAIR HOUSING POLICY AS REQUIRED BY SECTION 3.04.

2.13. Interest Earnings. If the Grantee earns any interest or other income from the grant funds received from the Council under this Agreement, the Grantee will use the interest earnings or income only for the purposes of implementing the Project activities described or identified in Attachment A.

2.14. Effect of Grant. Issuance of this grant neither implies any Council responsibility for contamination, if any, at the Project site nor imposes any obligation on the Council to participate in any pollution cleanup of the Project site if such cleanup is undertaken or required.

2.15. Resale Limitations. The Grantee must impose resale limitations regarding the disposition of any equity realized by the purchasers of “affordable” units if grant funds received from the Council under this Agreement are used for homeownership affordability gap financing in the Project described or identified in Attachment A. The intent of this resale limitation is to protect the public investment in the Project and ensure that a proportion of the affordability gap provided by the public investment in the form of grant funds received from the Council is recaptured for reuse in conjunction with other affordable housing efforts and does not become a windfall for any purchaser who might sell the home prior to expiration of a predetermined resale limitation period. If a purchaser sells the “affordable” home prior to expiration of the resale limitation time period, an equitable proportion of the affordability gap filled by grant funds received from the Council under this Agreement must be recaptured by the Grantee within twenty-four (24) months of the triggering resale event and applied to a similar affordable housing project within the Participating Municipality or returned to the Council. Unless otherwise agreed to by the Council and the Grantee, the length of the resale limitation time period and the proportion of the affordability gap to be recovered will be consistent with resale limitation time periods and repayment schedules stated in the Project application. These resale limitations do not apply when the grant funds are used for homeownership value gap financing.

III. AFFORDABILITY; AFFIRMATIVE FAIR HOUSING

3.01. Affordability Term. If the Project for which the grant funds were awarded includes affordable housing units, the Grantee shall, through written instruments or otherwise, ensure the affordable units will remain affordable for a minimum period of fifteen (15) years. The Grantee’s obligation under this section may be satisfied if other Project funding sources (*e.g.*, the Minnesota Housing Finance Agency or the U.S. Department of Housing and Urban Development (“HUD”)) or state or federal laws (*e.g.*, low-income housing tax credit programs) require an affordability term of at least fifteen (15) years. For the purposes of this section, “affordable housing unit” means a unit that is affordable to households at eighty percent (80%) or less of the Area Median Income (“AMI”), as established by HUD, unless the Grantee’s application stated an affordability standard lower than eighty percent (80%) of AMI, in which case the Grantee’s lower affordability standard shall apply. The affordability requirements of this section shall survive the expiration or termination of this Agreement. If the affordable housing units are made available for homeownership then they are subject to the resale limitations specified in Section 2.15 and the affordability requirements of this section only apply if Council grant funds pay more than half of the housing unit’s affordability gap stated in the Project application.

3.02. Affirmative Fair Housing Marketing Plans. If the Project for which the grant funds were awarded is a housing project or includes housing units (whether market rate or affordable), the

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

requirements of this Section 2.08 shall be included in all subgrants, subrecipient agreements, and contracts.

2.09. Project Commencement and Changes. The Project for which grant funds were requested must be “commenced” prior to the Expiration Date. The Grantee must promptly inform the Council in writing of any significant changes to the Project for which the grant funds were awarded, as well as any potential changes to the grant-funded activities described or identified in Attachment A. Failure to inform the Council of any significant changes to the Project or significant changes to grant-funded components of the Project, and use of grant funds for ineligible or unauthorized purposes, will jeopardize the Grantee’s eligibility for future LCA awards. Grant funds will not be disbursed prior to Council approval of significant changes to either the Project or to grant-funded activities described or identified in Attachment A.

2.10. Budget Variance. The Grantee may reallocate up to twenty percent (20%) of the Grant Amount among the grant-funded activities, provided: (a) the grant funds may be used only for Project activities for which the Council awarded the grant funds; (b) the reallocation does not significantly change the Project deliverables; and (c) the Grantee receives written permission from Council staff prior to reallocating any grant funds. Council staff may administratively approve budget reallocation requests that exceed twenty percent (20%) of the Grant Amount only if the reallocation does not significantly change the Project deliverables. Notwithstanding the aggregate or net effect of any variances, the Council’s obligation to provide grant funds under this Agreement shall not exceed the Grant Amount identified at Page 1 of this Agreement.

2.11. Loss of Grant Funds. The Grantee agrees to remit to the Council in a prompt manner: any unspent grant funds, including any grant funds that are not expended prior to the Expiration Date identified at Page 1 of this Agreement; any grant funds that are not used for the authorized purposes; any grant funds that are not matched on a dollar-for-dollar basis as required by Section 2.03; and any interest earnings described in Section 2.13 that are not used for the purposes of implementing the grant-funded Project activities described or identified in Attachment A. For the purposes of this Agreement, grant funds are “expended” prior to the Expiration Date if the Grantee pays or is obligated to pay for expenses of eligible grant-funded Project activities that occurred prior to the Expiration Date and the eligible expenses were incurred prior to the Expiration Date. Unspent or unused grant funds and other funds remitted to the Council shall revert to the Council’s Local Housing Incentives Account for distribution through application processes in future Funding Cycles or as otherwise permitted by law.

2.12. Payment Requests, Documentation, and Disbursements. The Council will disburse grant funds in response to payment requests submitted by the Grantee through the Council’s online grant management system and reviewed and approved by the Council’s Authorized Agent. The Council will make the final determination whether the expenditures are eligible for reimbursement under this Agreement, and verify the total amount requested from the Council. Reimbursement of any costs does not constitute a waiver by the Council of any Grantee noncompliance with this Agreement.

The Council shall disburse grant funds for all grant-eligible expenditures within thirty-five (35) days of the receipt of satisfactory documentation from the Grantee. **NOTWITHSTANDING THE PROVISIONS OF THIS SECTION 2.12, THE COUNCIL WILL NOT DISBURSE ANY GRANT FUNDS TO THE GRANTEE UNLESS THE PARTICIPATING MUNICIPALITY**

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

administrative and legal remedies a reasonable and prudent housing finance agency would use to obtain payment on a loan, taking into consideration (if applicable) the subordinated nature of the loan.

As an alternative to such loan proceeds recovery, the Grantee may elect Redeployment of Repaid Grant Funds. If the Grantee elects Redeployment of Repaid Grant Funds, the Grantee shall report such Redeployment of Repaid Grant Funds in its next annual Housing Policy and Production Survey. Upon the Council's review of any Redeployment of Repaid Grant Funds identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such funds if, after review, the Council determines such Redeployment of Repaid Grants Funds does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the Repaid Grant Funds.

- (h) If the Grantee earns any interest or other income from its loan agreement with the Project Owner, the Grantee must repay to the Council all interest or other income the Grantee receives from the Project Owner. Alternatively, the Grantee may elect redeployment of interest or other income received from the Project Owner. If the Grantee elects redeployment of such interest or other income so received, the Grantee shall report such redeployment in its next annual Housing Policy and Production Survey. Upon the Council's review of any such redeployment identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such interest or other funds if, after review, the Council determines such redeployment of does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the interest or other income received from the Project Owner. The Grantee is not obligated to earn any interest or other income from its loan agreement with the Project Owner, except to the extent required by any applicable law.

2.07. Revolving or Deferred Loans. If consistent with the application and the Project Summary or if requested in writing by the Grantee, the Grantee may use the grant funds to make deferred loans (loans made without interest or periodic payments), revolving loans (loans made with interest and periodic payments) or otherwise make the grant funds available on a "revolving" basis for the purposes of implementing the Project activities described or identified in Attachment A.

As an alternative to such loan proceeds recovery for revolving loans, the Grantee may elect Redeployment of Repaid Grant Funds. If the Grantee elects Redeployment of Repaid Grant Funds, the Grantee shall report such Redeployment of Repaid Grant Funds in its next annual Housing Policy and Production Survey. Upon the Council's review of any Redeployment of Repaid Grant Funds identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such funds if, after review, the Council determines such Redeployment of Repaid Grants Funds does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the Repaid Grant Funds.

2.08. Restrictions on Grants and Loans by Subrecipients. The Grantee shall not permit any subgrantee, subrecipient, or contractor to use the grant funds for grants or loans to any subgrantee or subrecipient at any tier unless the Grantee obtains the prior written consent of the Council. The

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

- (b) The Grantee will execute a loan agreement with the Project Owner. Prior to disbursing any grant funds for the Project, the Grantee will provide to the Council a copy of the loan agreement between the Grantee and the Project Owner.
- (c) Notwithstanding the Expiration Date identified at Page 1 of this Agreement and referenced in Section 5.01, when the Grantee receives Repaid Grant Funds and elects Redeployment of Repaid Grant Funds the Grantee shall report Redeployment of Repaid Grant Funds in the next annual Housing Policy and Production Survey.
- (d) The grant funds made available to the Grantee and disbursed to the Project Owner by the Grantee in the form of a loan may be used only for the grant-eligible activities and Project components for which the Grantee was awarded the grant funds. For the purposes of this Agreement, the term "Project Owner" means the current Project Owner and any Project Owner successor(s).
- (e) Pursuant to Section 2.05, the grant funds made available to the Grantee and disbursed to the Project Owner in the form of a loan shall not be used by the Grantee, the Project Owner or others to supplant or replace: (1) grant or loan funds obtained for the Project from other sources; or (2) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (3) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized by the Council. The Council will not make the grant funds available to the Grantee in a lump sum payment but will disburse the grant funds to the Grantee on a reimbursement basis pursuant to Section 2.12.
- (f) By executing this Agreement, the Grantee: (1) acknowledges that the Council expects the loan will be repaid so the grant funds may be used to help fund other activities consistent with the requirements of the Metropolitan Livable Communities Act; (2) covenants, represents and warrants to the Council that the Grantee's loan to the Project Owner will meet all applicable low-income housing tax credit program requirements under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency or a program administered by the Minneapolis/Saint Paul Housing Finance Board or another designated housing credit agency that sub-allocates low-income housing tax credits in the Metropolitan Area; and (3) agrees to administer its loan to the Project Owner consistent with federal and state low-income housing tax credit program requirements.
- (g) The Grantee will, at its own expense, use diligent efforts to recover loan proceeds: (1) whenever the Project Owner becomes obligated to repay the Grantee's loan or defaults on the Grantee's loan; (2) when the initial thirty-year "compliance period" expires, unless the Council agrees in writing that the Grantee may make the grant funds available as a loan to the Project Owner for an "extended use period"; and (3) if noncompliance with low-income housing tax credit program requirements or some other event triggers the Project Owner's repayment obligations under its loan agreement with the Grantee. Except as otherwise provided in this Paragraph (g), the Grantee must repay to the Council all loan repayment amounts the Grantee receives from the Project Owner. The Grantee shall not be obligated to repay the grant funds to the Council except to the extent the Project Owner repays its loan to the Grantee, provided the Grantee has exercised the reasonable degree of diligence and used

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

2.02 Total Grant Amount. The Council will grant to the Grantee the “Grant Amount” identified at Page 1 of this Agreement. Notwithstanding any other provision of this Agreement, the Grantee understands and agrees that any reduction or termination of Local Housing Incentives Account funds made available to the Council, or any reduction or termination of the dollar-for-dollar match amount required under Section 2.03, may result in a like reduction in the Grant Amount made available to the Grantee.

2.03. Match Requirement. Pursuant to Minnesota Statutes section 473.254, subdivision 6, the Grantee shall match on a dollar-for-dollar basis the total Grant Amount received from the Council under Section 2.02. The source and amount of the dollar-for-dollar match are identified in the Project Summary attached to and incorporated into this Agreement as Attachment A. With prior approval of the Council’s grant administrator the Grantee may change the source of the required match without a formal amendment to this Agreement, provided the change of match source is memorialized in a revised Project Summary.

2.04. Authorized Use of Grant Funds. The Grant Amount made available to the Grantee under this Agreement shall be used only for the purposes and Project activities described in the application for Local Housing Incentives Account funds. A Project Summary that identifies eligible uses of the grant funds as approved by the Council is attached to and incorporated into this Agreement as Attachment A. Grant funds must be used for purposes consistent with Minnesota Statutes section 473.25(a), in a Participating Municipality.

2.05. Ineligible Uses. Grant funds must be used for eligible costs directly associated with the Project activities for which the Council awarded grant funds. A detailed list of ineligible and eligible costs is available from the Community Development/Metropolitan Transportation Services Finance and Administration Department. Grant funds also shall not be used by the Grantee or others to supplant or replace: (a) grant or loan funds obtained for the Project from other sources; (b) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (c) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized by the Council. The Council shall bear no responsibility for cost overruns which may be incurred by the Grantee or others in the implementation or performance of the Project activities. The Grantee agrees to comply with any “business subsidy” requirements of Minnesota Statutes sections 116J.993 to 116J.995 that apply to the Grantee’s expenditures or uses of the grant funds.

2.06. Loans for Low-Income Housing Tax Credit Projects. If consistent with the application and the Project activities described or identified in Attachment A, or if requested in writing by the Grantee, the Grantee may structure the grant assistance to the Project as a loan so the Project Owner can take advantage of federal and state low-income housing tax credit programs. The Grantee may use the grant funds as a loan for a low-income housing tax credit Project, subject to the terms and conditions stated in Sections 2.04 and 2.05 and the following additional terms and conditions:

- (a) The Grantee covenants and represents to the Council that the Project is a rental housing project that received or will receive an award of low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended, and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency or a program administered by the Minneapolis/Saint Paul Housing Finance Board or another designated housing credit agency that sub-allocates low-income housing tax credits in the Metropolitan Area.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

- (a) **Commenced.** For the purposes of Sections 2.09 and 5.03, “commenced” means significant physical improvements have occurred in furtherance of the Project (*e.g.*, a foundation is being constructed or other tangible work on a structure has been initiated). In the absence of significant physical improvements, visible staking, engineering, land surveying, soil testing, cleanup site investigation, or pollution cleanup activities are not evidence of Project commencement for the purposes of this Agreement.
- (b) **Council Action.** “Council Action” means the action or decision of the governing body of the Metropolitan Council, on the meeting date identified at Page 1 of this Agreement, by which the Grantee was awarded Local Housing Incentives Account funds.
- (c) **County.** “County” means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.
- (d) **Development Authority.** “Development Authority” means a housing and redevelopment authority, economic development authority, or port authority.
- (e) **Metropolitan Area.** “Metropolitan Area” means the seven-county metropolitan area as defined by Minnesota Statutes section 473.121, subdivision 2.
- (f) **Municipality.** “Municipality” means a statutory or home rule charter city or town in the Metropolitan Area.
- (g) **Participating Municipality.** “Participating Municipality” means a Municipality electing to participate in the Local Housing Incentives Account program under Minnesota Statutes section 473.254.
- (h) **Project.** Unless clearly indicated otherwise by the context of a specific provision of this Agreement, “Project” means the development or redevelopment project identified in the application for Local Housing Incentives Account funds for which grant funds were requested. Grant-funded activities typically are components of the Project.
- (i) **Redeployment of Repaid Grant Funds.** “Redeployment of Repaid Grant Funds” means Grantee redeployment of Repaid Grant Funds to continue supporting affordable housing components of the Project or implement or support projects that will help the Grantee (or the Participating Municipality within which the Project is located) meet its affordable and life-cycle housing goals.
- (j) **Repaid Grant Funds.** “Repaid Grant Funds” means repaid loan principal and interest grant funds made available to the Grantee and disbursed to the Project Owner in the form of a loan pursuant to Sections 2.06 and 2.07 of this Agreement.

II. GRANT FUNDS

2.01. Source of Funds. The grant funds made available to the Grantee under this Agreement are from the Local Housing Incentives Account of the Metropolitan Livable Communities Fund. The grant funds are derived from property taxes authorized by Minnesota Statutes sections 473.249, 473.253 and 473.254, subdivision 5, and are not from state or federal sources.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

GRANTEE: City of Richfield	GRANT NO. SG-22863
PROJECT: Penn Station	
GRANT AMOUNT: \$ 850,000.00	FUNDING CYCLE: 2024
COUNCIL ACTION: 01/08/2025	EXPIRATION DATE: 12/31/2027

**METROPOLITAN LIVABLE COMMUNITIES ACT
GRANT AGREEMENT**

THIS GRANT AGREEMENT (“Agreement”) is made and entered into by the Metropolitan Council (“Council”) and the Municipality or Development Authority identified above as “Grantee.”

WHEREAS, Minnesota Statutes section 473.251 creates the Metropolitan Livable Communities Fund, the uses of which fund must be consistent with and promote the purposes of the Metropolitan Livable Communities Act (“LCA”) and the policies of the Council’s Metropolitan Development Guide; and

WHEREAS, Minnesota Statutes sections 473.251 and 473.254 establish within the Metropolitan Livable Communities Fund a Local Housing Incentives Account and require the Council to annually distribute funds in the account to Participating Municipalities that have not met their affordable and life-cycle housing goals and are actively funding projects designed to help meet the goals, or to Development Authorities for projects located in Participating Municipalities; and

WHEREAS, the Grantee is a Municipality that has negotiated affordable and life-cycle housing goals pursuant to Minnesota Statutes section 473.254, subdivision 2, and has elected to participate in the Local Housing Incentives Account program, or is a Development Authority; and

WHEREAS, the Grantee seeks funding in connection with an application for Local Housing Incentives Account funds submitted in response to a consolidated Request for Proposals with Minnesota Housing for the “Funding Cycle” identified above and will use the grant funds made available under this Agreement to help fund the “Project” identified in the application; and

WHEREAS, the Council awarded Local Housing Incentives Account grant program funds to the Grantee subject to any terms, conditions, and clarifications stated in its Council Action, and with the understanding that the Project identified in the application will proceed to completion in a timely manner, all grant funds will be expended prior to the “Expiration Date” identified above and Project construction will have “commenced” before the Expiration Date.

NOW THEREFORE, in reliance on the above statements and in consideration of the mutual promises and covenants contained in this Agreement, the Grantee and the Council agree as follows:

I. DEFINITIONS

1.01. Definition of Terms. The terms defined in this section have the meanings given them in this section unless otherwise provided or indicated by the context.

EXHIBIT C

DISBURSEMENT REQUEST FORM

City of Richfield
6700 Portland Avenue South
Richfield, MN 55423
Attn: Community Development Director

The undersigned, Penn Station Apartments LLLP, a Minnesota limited liability limited partnership (the “Borrower”), pursuant to that certain Loan Agreement, dated as _____ (the “Loan Agreement”), between the City of Richfield, Minnesota (the “City”), and the Borrower, hereby requests payment of the expenses listed on the attached Expense Listing.

The total amount to be disbursed for this draw is \$_____.

In connection with this draw, the undersigned hereby represents as follows:

- a. each obligation listed in the attached Exhibit A has been incurred and is a Project Cost related to the Grant-Eligible Activities,
- b. no license or permit necessary for construction of the Grant-Eligible Activities previously issued has been revoked or the issuance thereof subjected to challenge before any court of other governmental authority having or asserting jurisdiction thereover;
- c. no event has occurred and is continuing which, but for the giving of notice, the expiration of any cure period, or both, would constitute an event of default under the Loan Agreement or the Grant Agreement;
- d. all funds of the Borrower’s match, if any, have been fully disbursed for the payment of Project Costs; and
- e. _____% of the Grant-Eligible Activities have been completed.

<p>Penn Station Apartments LLLP By: Penn Station Apartments, LLC Its: General Partner</p> <p>By: _____ Name: Johnny Opara Its: President and CEO</p>	<p>Approved:</p> <p>CITY OF RICHFIELD, MINNESOTA</p> <p>By _____ Its Community Development Director</p>
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Exhibit A

Expense Listing

Expense Description

Amount

40283240v2

C-A-1

Error! Unknown document property name.

COMBINATION MORTGAGE AND SECURITY AGREEMENT

(LHIA)

THIS MORTGAGE SECURES A LOAN MADE UNDER AN AFFORDABLE HOUSING PROGRAM BY A STATE OR LOCAL GOVERNMENT AGENCY, AND AS SUCH IS EXEMPT FROM MORTGAGE REGISTRATION TAX PURSUANT TO MINNESOTA STATUTES, SECTION 287.04(6).

THIS COMBINATION MORTGAGE AND SECURITY AGREEMENT (hereinafter referred to as the “Mortgage”) is made and given as of the ___ day of _____, 2025, by Penn Station Apartments LLLP, a Minnesota limited liability limited partnership (the “Mortgagor”), in favor of the City of Richfield, a municipal corporation under the laws of Minnesota (the “Mortgagee”).

RECITALS:

WHEREAS, the Mortgagor hereby mortgages and conveys to the Mortgagee the real property and improvements situated in the County of Hennepin, State of Minnesota, and legally described on Exhibit A attached hereto and made a part hereof, the leases and rents with respect to the real property and improvements and all personal property and equipment, and all products and proceeds thereof owned by Mortgagor and used in the operation of the Project (as defined in the hereinafter-described Loan Agreement) (herein, collectively the “Property”); and

WHEREAS, this Mortgage, together with the Loan Agreement of even date herewith (the “Loan Agreement”) between the Mortgagor and the Mortgagee and all other documents securing the Loan as defined below (collectively, the “Loan Documents”) are given in consideration of and as security for the payment of \$850,000 (the “Loan”), receipt of which is hereby acknowledged and which is made to enable the Mortgagor to complete the Grant-Eligible Activities (as defined in the Loan Agreement). The Loan is evidenced by a Note (the “Note”) in the amount of \$850,000 executed by the Mortgagor, to the order of the Mortgagee, of even date herewith. The unpaid principal sum shall be due and payable by the Mortgagor in full on December 31, 2055 unless forgiven in accordance with the Note (the “Maturity Date”).

AGREEMENTS:

NOW, THEREFORE, to secure (a) the due and punctual payment of principal on the Note and the obligations of the Mortgagor under the Loan Agreement and all renewals, extensions and modifications thereof any agreements or obligations issued in substitution therefore (provided the principal amount secured by this Mortgage shall not exceed \$850,000) and (b) the performance of all the covenants and agreements of the Mortgagor herein, in the Loan Agreement and in any other agreement now or hereafter entered into between the Mortgagor and Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated therein (the payment and other obligations evidenced by the Loan Agreement, this Mortgage and all such other agreements are hereinafter collectively referred to as the "Indebtedness"), the Mortgagor does hereby mortgage, grant, bargain, sell, assign, transfer and convey unto the Mortgagee forever, with power of sale the following:

I.

All of the Mortgagor's right, title and interest in and to the Property and the buildings, structures, other improvements, fixtures and personal property now standing or at any time hereafter constructed or placed upon the Property (the "Improvements"), including but not limited to (i) all building materials, supplies and equipment now or hereafter located on the Property and suitable or intended to be incorporated in any Improvements located or to be erected on the Property; (ii) all heating, plumbing and lighting apparatus, motors, engines and machinery, electrical equipment, incinerator apparatus, air-conditioning equipment, water and gas apparatus, pipes, faucets, and all other fixtures of every description which are now or may hereafter be placed or used upon the Property or in any of the Improvements now or hereinafter located thereon; (iii) all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to and of any and all of the foregoing; (iv) all hereditaments, easements, appurtenances; estates, and other rights and interests now or hereafter belonging to or in any way pertaining to the Property or to any of the Improvements now or hereafter located thereof; and (v) all tangible personal property owned by the Mortgagor and now or at any time hereafter located on or relating to the Property.

II.

All rents, issues, profits, condemnation awards, revenues and income arising from the ownership, operation or sale of the Property and the Improvements and all proceeds and products thereof (herein collectively called "Revenues and Income").

To Have and To Hold the Property and the Improvements (together, the "Mortgaged Property"), and the Revenues and Income unto the Mortgagee forever; provided, nevertheless, that this Mortgage is granted upon the express condition that if the Mortgagor shall cause to be paid to the Mortgagee as and when due and payable the Indebtedness, and shall also keep and perform each and every covenant and agreement of the Mortgagor herein contained, then this Mortgage and the estate hereby granted shall cease and be and become void and shall be released of record at the expense of the Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

The Mortgagor represents, warrants and covenants to and with the Mortgagee that Mortgagor is lawfully seized of the Property and has good right and full power and authority to execute this Mortgage and to mortgage the Mortgaged Property; that the Mortgagor owns the Mortgaged Property free from all liens; security interests and encumbrances except as agreed to by the Mortgagee; that the Mortgagor will warrant and defend the title to the Mortgaged Property and the lien and priority of this Mortgage against all claims and demands of all persons whomsoever, whether now existing or hereafter arising, except (i) as agreed to by the Mortgagee, (ii) listed on Exhibit B attached hereto and made a part hereof, and (iii) the regulatory agreement or land use restriction agreement to be entered into relating to low-income housing tax credits (collectively, the "Permitted Encumbrances"). The covenants and warranties of this paragraph shall survive foreclosure of this Mortgage and shall run with the Property.

The Mortgagor further covenants and agrees as follows:

1. Payment of the Indebtedness and Compliance with Other Agreements.

(a) The Mortgagor will cause the principal on the Indebtedness to be duly and punctually paid in accordance with the terms of the Note, the Loan Agreement and this Mortgage, when and as due and payable. The provisions of the Note and Loan Agreement are hereby incorporated by reference into this Mortgage as fully as if set forth at length herein.

(b) Mortgagor will duly and punctually perform each and every obligation under the Loan Agreement and any other agreement on or hereafter entered into by the Mortgagor and Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated therein.

2. Payment of Taxes, Assessments and Other Charges; Escrow. Subject to paragraph 6 relating to contests, the Mortgagor shall pay before a penalty might attach for nonpayment thereof, all taxes and assessments and all other charges whatsoever levied upon or assessed or placed against the Mortgaged Property, except that assessments may be paid in installments so long as no fine or penalty is added to any installment for the nonpayment thereof. The Mortgagor shall likewise pay all taxes, assessments and other charges, levied upon or assessed, placed or made against, or measured by, this Mortgage, or the recordation hereof, or the Indebtedness secured hereby, provided that the Mortgagor shall not be obliged to pay such tax, assessment or charge if such payment would be contrary to law or would result in the payment of an unlawful rate of interest on the Indebtedness secured hereby; and provided further that nothing herein contained shall be construed as requiring the Mortgagor to pay any net income, profits or revenues taxes of the Mortgagee. The Mortgagor shall promptly furnish to the Mortgagee all notices received by the Mortgagor of amounts due under this paragraph and shall furnish receipts evidencing such payments within 10 days after such payments are made.

3. Payment of Utility Charges. Subject to paragraph 6 relating to contests, the Mortgagor shall pay all charges made by utility companies, whether public or private, for electricity, gas, heat, water, or sewer, furnished or used in connection with the Mortgaged Property or any part thereof, and will upon written request of the Mortgagee, furnish proper receipts evidencing such payment.

4. Liens. Subject to paragraph 6 hereof relating to contests, the Mortgagor shall not create, incur or suffer to exist any lien, encumbrance or charge on the Mortgaged Property or Revenues and Income or any part thereof which may have priority over the lien hereof, other than the lien of current real estate taxes and installments of special assessments with respect to which no penalty is yet payable, and other than any lien granted in connection with the current financing secured by the Property including without limitation the Permitted Encumbrances. Subject to paragraph 6 relating to contests, the Mortgagor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Mortgaged Property.

5. Compliance with Laws. Subject to paragraph 6 relating to contests, the Mortgagor shall comply, in all material respects, with all present and future statutes, laws, rules, orders, regulations and ordinances affecting the Mortgaged Property, any part thereof or the use thereof. The Mortgagor shall not use or occupy nor permit the use and occupancy of the Property without a current Certificate of Occupancy issued by the City of Richfield, Minnesota.

6. Permitted Contests. The Mortgagor shall not be required to (i) pay any tax, assessment or other charge referred to in paragraph 2 hereof, (ii) pay any charges referred to in paragraph 3 hereof, (iii) discharge or remove any lien, encumbrance or charge referred to in paragraph 4 hereof, or (iv) comply with any statute, law, rule, order, regulation or ordinance referred to in paragraph 5 hereof, so long as the Mortgagor shall (a) contest, in good faith, the existence, or the validity thereof, the amount of damages caused thereby or the extent of the Mortgagor's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (A) the collection of, or other realization upon the tax, assessment, charge or lien, encumbrance or charge so contested, (B) the sale, forfeiture or loss of the Mortgaged Property or any part thereof, and (C) any interference with the use or occupancy of the Mortgaged Property or any part thereof, and (b) shall give such security to the Mortgagee as may be reasonably demanded by the Mortgagee to insure compliance with the foregoing provisions of this paragraph 6. Mortgagor shall give prompt written notice to Mortgagee of the commencement of any contest referred to in this paragraph 6.

7. Insurance. The Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured against loss by fire and any other hazards for which the Mortgagee requires insurance for full replacement value of the improvements. This insurance shall be maintained only in the amounts and for the periods as required under the terms of the Loan Agreement. If the Mortgagor fails to maintain coverage described above, the Mortgagee may, at the Mortgagee's option, obtain coverage to protect the Mortgagee's rights in the Mortgaged Property in accordance with paragraph 6.

All insurance policies and renewals shall be reasonably acceptable to the Mortgagee and shall include a standard mortgage clause. If the Mortgagee requires, the Mortgagor shall, upon reasonable notice, give to the Mortgagee all receipts of paid premiums and renewal notices. In the event of loss, the Mortgagor shall give prompt notice to the insurance carrier and the Mortgagee. The Mortgagee may make proof of loss if not made promptly by the Mortgagor.

If the Mortgaged Property is acquired by the Mortgagee, the Mortgagor's rights to any insurance policies and proceeds resulting from damage to the Mortgaged Property prior to the

acquisition shall pass to the Mortgagee to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

8. Preservation and Maintenance of Mortgaged Property. The Mortgagor (i) shall keep the buildings and other Improvements hereafter erected as part of the Project on the Property in safe and good repair and condition, ordinary wear and tear and damage by insured casualty excepted (provided that the Mortgagor may proceed to demolish the existing buildings when vacant), (ii) shall reasonably maintain the parking and landscaped areas of the Mortgaged Property, (iii) shall not commit waste or permit impairment or deterioration of the Mortgaged Property, and (iv) shall not remove from the Property any of the fixtures and personal property included in the Mortgaged Property unless the same is immediately replaced with like property of at least equal value and utility (provided that Mortgagor may proceed to demolish and remove all existing personal property and fixtures located on the Property).

9. Inspection. The Mortgagee, or its agents, shall have the right at all reasonable times, upon not less than two (2) business days' prior written notice to Mortgagor, to enter upon the Mortgaged Property for the purposes of inspecting the Mortgaged Property or any part thereof, which inspection shall not interfere with the use or occupancy of the Mortgaged Property. The Mortgagee shall, however, have no duty to make such inspection.

10. Protection of Mortgagee's Security. Subject to the rights of the Mortgagor under paragraph 6 hereof, if the Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which affects the Mortgaged Property or the interest of the Mortgagee therein, or the title thereto, then the Mortgagee, at the Mortgagee's option, upon advance written notice to the Mortgagor, may perform such covenants and agreements, defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. The Mortgagee shall be the sole judge of the legality, validity and priority of any claim, lien, encumbrance, tax assessment, charge and premium paid by it and of the amount necessary to be paid in satisfaction thereof. The Mortgagee is hereby given the irrevocable power of attorney (which power is coupled with an interest and is irrevocable) effective upon the occurrence of an Event of Default, to enter upon the Mortgaged Property as the Mortgagor's agent in the Mortgagor's name to perform any and all covenants and agreement to be performed by the Mortgagor as herein provided. Any amounts disbursed or incurred by the Mortgagee pursuant to this paragraph 10 shall become additional Indebtedness of the Mortgagor secured by this Mortgage. Unless the Mortgagor and the Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable. The Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the Indebtedness or by the Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this paragraph 10 shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this paragraph 10.

11. Condemnation.

(a) The Mortgagor hereby irrevocably assigns to the Mortgagee any award or payment which becomes payable by reason of any taking of the Mortgaged Property, or

any part thereof, whether directly or indirectly or temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings (hereinafter called "Taking"). Forthwith upon receipt by Mortgagor of notice of the institution of any proceeding or negotiations for a Taking, the Mortgagor shall give notice thereof to the Mortgagee. The Mortgagee may appear in any such proceedings and participate in any such negotiations and may be represented by counsel. The Mortgagor, notwithstanding that the Mortgagee may not be a party to any such proceeding, will promptly give to the Mortgagee copies of all notices, pleadings, judgments, determinations, and other papers received by the Mortgagor therein. The Mortgagor will not enter into any agreement permitting or consenting to the Taking of the Mortgaged Property, or any part thereof, or providing for the conveyance thereof in lieu of condemnation, with anyone authorized to acquire the same in condemnation or by eminent domain unless the Mortgagee shall first have consented thereto in writing, which consent will not be unreasonably withheld. All Taking awards shall be adjusted jointly by the Mortgagor and the Mortgagee. All awards payable as a result of a Taking shall be paid to the Mortgagee, which shall, after first deducting the Mortgagee's expenses incurred in the collection thereof, be applied to the repair or restoration of the Mortgaged Property. To the extent that restoration or repair is not economically feasible, which determination shall be made in Mortgagor's sole discretion, any remaining proceeds may be applied by the Mortgagee against the Indebtedness in such order of application as the Mortgagee may determine. Any application of Taking awards to principal of the Indebtedness shall not extend or postpone the due date of any installments payable under the Indebtedness or change the amount of such installments.

(b) If the Taking involves a taking of any building or other Improvements now or hereafter located on the Property, the Mortgagor shall proceed, with reasonable diligence, to demolish and remove any ruins and complete repair or restoration of the Mortgaged Property as nearly as possible to its size, type and character immediately prior to the Taking, but only to the extent that the condemnation awards are available or adequate to complete such repair or restoration.

(c) The Mortgagor shall promptly reimburse the Mortgagee upon demand for all of the Mortgagee's expense, including reasonable attorneys' fees, incurred in the collection of awards.

12. Information; Books and Records. The Mortgagor will prepare or cause to be prepared at the Mortgagor's expense and deliver to the Mortgagee immediately upon becoming aware of the existence of any condition or event which constitutes, or which after notice or lapse of time or both would constitute, an Event of Default, written notice specifying the nature and period of existence thereof and what action the Mortgagor has taken, is taking or proposes to take with respect thereto. The Mortgagor shall keep and maintain at all times at the Mortgagor's address stated below or at such other place as the Mortgagee may approve in writing, complete and accurate books of accounts and records in sufficient detail to correctly reflect the receipts and expenses in connection with the acquisition, construction, operation and/or sale of the Mortgaged Property and copies of all written contracts, leases and other instruments which affect the Mortgaged Property. Such books, records, contracts, leases and other instruments shall be subject

to examination and inspection by the Mortgagee or its representative during ordinary business hours.

13. Indemnification by the Mortgagor. The Mortgagor shall bear all loss, expense (including reasonable attorneys' fees) and damage in connection with, and agrees to indemnify and hold harmless the Mortgagee and its agents, servants and employees (the "Indemnified Parties") from, all claims, demands and judgments made or recovered against the Indemnified Parties because of bodily injuries, including death at any time resulting therefrom, and/or because of damages to property of the Mortgagee or others (including loss of use) from any cause whatsoever, arising out of, incidental to, or in connection with the construction and/or operation of the Improvements prior to appointment of a receiver or foreclosure of this Mortgage or arising by reason of the presence of hazardous or toxic substances on the Property or in the Improvements or releases thereof from the Mortgaged Property, whether or not due to any act of omission or commission, including negligence of the Mortgagor or the Mortgagor's employee, servants or agents. The Mortgagor's liability hereunder shall not be limited to the extent of insurance carried by or provided by the Mortgagor or subject to any exclusion from coverage in any insurance policy. The obligations of the Mortgagor under this paragraph shall survive the payment of the Note; provided, however, that Mortgagor shall not be required to indemnify, defend, and hold harmless the Indemnified Parties from and against any of the foregoing if such claims, demands, losses, expenses, and/or judgements made or recovered against or suffered by the Indemnified Parties are the result of the gross negligence, willful misconduct, or breach of this Mortgage or the Loan Agreement by such Indemnified Parties.

14. Security Interest. This Mortgage shall constitute a security agreement with respect to (and the Mortgagor hereby grants the Mortgagee a security interest in) the tangible personal property and fixtures included in the Mortgaged Property, as more particularly described in Granting Clause I of this Mortgage, and the Revenues and Income, as more particularly described in Granting Clause II. The Mortgagor will from time to time, at the request of the Mortgagee, execute any and all financing statements covering such personal property and fixtures (in a form satisfactory to the Mortgagee) which the Mortgagee may reasonably consider necessary or appropriate to perfect its interest.

15. Events of Default. Each of the following occurrences shall constitute an event of default hereunder (herein called an "Event of Default"):

(a) The Mortgagor shall fail to duly and punctually pay any obligation payable under the Note or Loan Agreement which is not cured within 10 business days after written notice from the Mortgagee.

(b) The Mortgagor shall fail duly to perform or observe any of the covenants or agreements contained in this Mortgage (other than default in the performance, or breach, of any covenant of the Mortgagor in paragraph 1(a) hereof) and such failure shall continue for a period of 60 days after the Mortgagee has given written notice to the Mortgagor specifying such default or breach. If such failure cannot reasonably be cured within 60 days, no Event of Default shall occur so long as Mortgagor commences cure within such 60-day period and diligently prosecutes such cure to completion.

(c) The Mortgagor shall make assignment for the benefit of the Mortgagor's creditors, or shall admit in writing the Mortgagor's inability to pay the Mortgagor's debts as they become due, or shall file a petition in bankruptcy, or shall become or be adjudicated bankrupt or insolvent, however defined, or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation or shall file an answer admitting to or not contesting the material allegations of petition filed against the Mortgagor in such proceedings, or shall not, within 120 days after the filing of such petition against the Mortgagor, have same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of the Mortgagor's properties or of the Mortgaged Property or shall not, within 90 days after the appointment, without the Mortgagor's consent or acquiescence, of a trustee, receiver or liquidator of any material part of the Mortgagor's properties or of the Mortgaged Property, have such appointment vacated.

(d) An Event of Default under the Loan Agreement (as defined in the Loan Agreement) or Note shall have occurred and be continuing or the Mortgagor shall be in default under any other agreement now or hereafter entered into by the Mortgagor and the Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated therein after expiration of any applicable cure periods.

16. Remedies. Whenever any Event of Default shall have occurred and be continuing, the Mortgagee may, at its option, exercise one or more of the following rights and remedies (and/or any other rights and remedies available to it), subject to the rights of the Senior Lender (hereinafter defined) pursuant to the terms and conditions of the Subordination Agreement (hereinafter defined):

(a) The Mortgagee may, by written notice to the Mortgagor, declare immediately due and payable all Indebtedness secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand, provided that Mortgagee has first given written notice of the Event of Default and afforded Mortgagor any applicable cure period set forth herein or in the Loan Agreement.

(b) The Mortgagee shall have and may exercise with respect to all personal property and fixtures which are part of the Mortgaged Property and with respect to the Revenues and Income all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in Minnesota. If notice to the Mortgagor of the intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to the Mortgagor in the manner specified in paragraph 20 at least 10 calendar days prior to the date of intended disposition. The Mortgagor shall pay on demand all costs and expenses incurred by the Mortgagee in exercising such rights and remedies, including without limitation, reasonable attorneys' fees and legal expenses.

(c) The Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage by action or advertisement, pursuant to the statutes of Minnesota in such case made and provided, power being expressly granted to sell the Mortgaged Property at

public auction and convey the same to the purchaser in fee simple the Mortgagor's interest in the Property at the time of such sale and, out of the proceeds arising from such sale, to pay all Indebtedness secured hereby, and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges and fees the Mortgagor agree to pay.

THE MORTGAGOR HEREBY CONSENTS TO AND ACKNOWLEDGES THE RIGHT OF THE MORTGAGEE, AT MORTGAGEE'S OPTION, TO ACT TO FORECLOSE THIS MORTGAGE BY ACTION OR ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES, CHAPTER 580 OR 581. A POWER OF SALE BEING HEREIN EXPRESSLY GRANTED WHICH SHALL ALLOW THE MORTGAGEE TO SELL AT PUBLIC AUCTION AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY, THE MORTGAGOR ACKNOWLEDGES THAT SUCH SERVICE NEED NOT BE MADE ON THE MORTGAGOR PERSONALLY UNLESS THE MORTGAGOR IS AN OCCUPANT OF THE MORTGAGED PROPERTY AND THAT NO HEARING IS REQUIRED IN CONNECTION WITH THE SALE. MORTGAGOR EXPRESSLY WAIVES ANY AND ALL RIGHTS TO PRIOR NOTICE OF SALE AND ANY AND ALL RIGHTS TO PRIOR HEARING IN CONNECTION WITH THE SALE. OUT OF THE PROCEEDS OF SUCH SALE THE PRINCIPAL AMOUNT OF THE LOAN SHALL BE PAID TOGETHER WITH ALL LEGAL COSTS AND CHARGES OF FORECLOSURE WITH MAXIMUM ATTORNEYS' FEES PERMITTED BY LAW. NOTHING HEREIN SHALL WAIVE ANY RIGHT THAT CANNOT BE WAIVED UNDER APPLICABLE LAW, AND THIS PARAGRAPH SHALL BE INTERPRETED AND ENFORCED CONSISTENT WITH SUCH LAW.

(d) The Mortgagee shall be entitled, without notice and without any showing of waste of the Mortgaged Property, inadequacy of the Mortgaged Property as security for the Indebtedness, or insolvency of the Mortgagor, to the appointment of a receiver of the rents and profits of the Mortgaged Property, including those past due.

(e) The Mortgagee may pursue one or more of the remedies provided for in the Loan Agreement or any other agreement now or hereafter entered into between the Mortgagor and the Mortgagee in connection with the Loan Agreement or the Grant-Eligible Activities contemplated herein.

17. Estoppel Certificate. The Mortgagor agrees at any time and from time to time, upon not less than 15 days' prior notice by the Mortgagee, to execute, acknowledge and deliver, without charge, to the Mortgagee or to any person designated by the Mortgagee, a statement in writing certifying, to the best of its knowledge, that this Mortgage is unmodified (or if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), the principal amount then secured hereby, that the Mortgagor has not received any notice of default or notice of acceleration or foreclosure of this Mortgage (or if the Mortgagor has received such a notice, that it has been revoked, if such be the case), that to the knowledge of the Mortgagor no Event of Default exists hereunder (or if any such Event of Default does exist, specifying the same and stating that the same has been cured, if such be the case), the Mortgagor to the Mortgagor's knowledge have no claims or offsets against the Mortgagee (or if the Mortgagor have any such claims, specifying the same), and the dates to which the principal and the other sums and charges payable by the Mortgagor pursuant to the Loan Agreement have been paid. In the event the

Mortgagor fails to execute, acknowledge and deliver such statement within the time above required, the Mortgagor hereby appoint and constitute the Mortgagee as the Mortgagor's attorney-in-fact to do so (which power of attorney is coupled with an interest and is irrevocable), the Mortgagor shall be fully bound by any such statement executed by the Mortgagee on the Mortgagor's behalf to the same extent as if the Mortgagor had executed, acknowledged and delivered the same. The Mortgagee agrees to provide statements of the principal balance payable pursuant to the Note from time to time upon request of the Mortgagor.

18. Forbearance Not a Waiver, Rights and Remedies Cumulative. No delay by the Mortgagee in exercising any right shall be deemed a waiver of or preclude the exercise of such right or remedy, and no waiver by the Mortgagee of any particular provision of this Mortgage shall be deemed effective unless in writing signed by the Mortgagee. All such rights and remedies provided for herein or which the Mortgagee may have otherwise, at law or in equity, shall be distinct, separate and cumulative and may be exercised concurrently, independently or successively in any order whatsoever, and as often as the occasion therefor arises. The Mortgagee's taking action pursuant to paragraph 10 or receiving proceeds, awards or damages pursuant to paragraph 7 or 11 shall not impair any right or remedy available to the Mortgagee under paragraph 16 hereof. Acceleration of maturity of the Indebtedness, once claimed hereunder by the Mortgagee, may, at the option of Mortgagee, be rescinded by written acknowledgment to that effect by the Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity of the Indebtedness.

19. Successors and Assigns Bound; Number; Gender; Agents; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, legal representatives, successors and assignees of the Mortgagee and the Mortgagor. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall apply to all genders. In exercising any rights hereunder or taking any actions provided for herein, the Mortgagee may act through its employees, agents or independent contractor as authorized by Mortgagee. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

20. Notice. Any notice from the Mortgagee to the Mortgagor under this Mortgage shall be deemed to have been given by the Mortgagee and received by the Mortgagor when mailed by certified mail by the Mortgagee or its agents to the Mortgagor at the address set forth in paragraph 26(a) below or at such other address as the Mortgagor may designate in writing to the Mortgagee.

21. Governing Law; Severability. This Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without the conflicting provisions and to this end the provisions of the Mortgage are declared to be severable.

22. Counterparts. This Mortgage may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

23. Waiver of Marshaling. To the fullest extent permitted by law and subject to the rights of the senior lenders, the Mortgagor, any party who consents to this Mortgage, and any party who now or hereafter acquires a lien on the Mortgaged Property and who has actual or constructive notice of this Mortgage hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein and waives any right to have the Mortgaged Property sold in separate tracts pursuant to Minnesota Statutes, Section 580.08.

24. Construction Mortgage. This Mortgage secures an obligation incurred for the construction of an improvement on land and is a construction mortgage.

25. Application of Rents. Notwithstanding anything to the contrary herein, all Rents collected by the Mortgagee or any receiver each month shall be applied as determined by Mortgagor, or as otherwise determined by applicable law.

26. Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the Mortgaged Property (as more particularly described in Granting Clause I of this Mortgage) which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of the Mortgagor:

Penn Station Apartments LLLP
510 Brunson Street, Suite 100
St. Paul, MN 55130
Attn: Johnny Opara, President and CEO

With a copy to: Winthrop & Weinstine, P.A.
225 South 6th St, Suite 3500
Minneapolis, MN 55402
Attn: Jon L. Peterson

(b) Name and Address of the Mortgagee:

City of Richfield
6700 Portland Avenue South
Richfield, MN 55423
Attn: Community Development Director

With a copy to: Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attention: Ronald H. Batty

This document covers goods which are or are to become fixtures.

27. Additional Provisions.

(a) The Mortgagee agrees, notwithstanding any other provision herein to the contrary, that in the event of a foreclosure of the Property, that no tenant may be evicted or tenancy terminated (other than for good cause), and the rent on no apartment unit may be increased, for the three year period following foreclosure if such eviction, termination of tenancy or increase in rent would be contrary to the provisions of Section 42(h)(6)(E) of the Internal Revenue Code of 1986, as amended. This Mortgage is expressly subordinate to this provision.

(b) This Mortgage and the Note shall be construed according to the laws of Minnesota.

(c) In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part hereof, the Mortgagor shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to the Mortgagee for repayment of the remaining balance of the Loan.

(d) The Mortgagor will permit the Mortgagee's authorized representatives to enter the Property at all times during normal business hours upon not less than two (2) business days' prior written notice for the purpose of inspecting the same, which inspections shall not unreasonably interfere with use or occupancy of the Property; provided the Mortgagee shall have no duty to make such inspections and shall not incur any liability or obligation for making or not making any such inspections .

(e) The Mortgagor hereby agrees to defend, indemnify, and hold harmless Mortgagee from and against any and all claims, losses, damages, liabilities, costs, and expenses, including without limitation reasonable attorneys' fees, incurred by the Mortgagee as a result of any hazardous materials or substances which are on the Property in violation of applicable environmental laws at any time during which the Mortgagor shall be in custody or control of the Property. This indemnification shall remain in full force and effect and shall survive the repayment of the Loan and the exercise of any remedy by the Mortgagee hereunder including a foreclosure of the Mortgage or the acceptance of a deed in lieu of foreclosure.

(f) The Mortgagor shall have the right and privilege, but not the obligation, to borrow additional funds and to further encumber the security and collateral given and pledged to the Mortgagee hereunder at any time, from time to time, and as often as the Mortgagor shall determine, but only with the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld, delayed and conditioned, except for the Permitted Encumbrances set forth in Exhibit B.

(g) If the Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage, subject to any applicable cure periods, or if any action or proceeding is commenced which effects the Property or the interest of the Mortgagee therein, or the title thereto, then the Mortgagee, at Mortgagee's option, upon 60 days advance written notice to the Mortgagor, may perform such covenants and agreements to defend against and/or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. The Mortgagee shall be the sole judge of the legality, validity and priority of any claim, lien, encumbrance, tax assessment, charge and premium paid by it and of the amount necessary to be paid in satisfaction thereof. The Mortgagee is hereby given the irrevocable power of attorney (which power is coupled with an interest and is irrevocable) effective 60 days after written notice, to enter upon the Property as the Mortgagor's agent in the Mortgagor's name to perform any and all covenants and agreements to be performed by the Mortgagor as herein provided. Any amounts disbursed or incurred by the Mortgagee pursuant to this paragraph shall become additional indebtedness of the Mortgagor secured by this Mortgage. Unless the Mortgagor and the Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable. The Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the indebtedness or by the Mortgagee under the provisions hereof, and any such subrogation rights shall require the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to the Mortgagor for any damages or claims arising out of action taken by the Mortgagee pursuant to this paragraph.

THE MORTGAGOR ACKNOWLEDGES THAT THIS IS A LEGAL DOCUMENT AND THAT BEFORE SIGNING THE MORTGAGOR HAS FULLY UNDERSTOOD THE TERMS AND CONDITIONS HEREIN, AND THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER OR HAS SOUGHT LEGAL COUNSEL TO EXPLAIN SUCH TERMS AND CONDITIONS, RIGHTS AND THE WAIVER OF SUCH RIGHTS.

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

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

PENN STATION APARTMENTS LLLP, a
Minnesota limited liability limited partnership

By: Penn Station Apartments LLC, a Minnesota
limited liability company
Its: General Partner

By: JO Companies, LLC, a Minnesota limited
liability company
Its Sole Member

By: _____
Johnny Opara, Its Manager

Dated: _____

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025 by Johnny Opara, the Manager of JO companies, LLC, a Minnesota limited liability company, the Sole Member of Penn Station Apartments LLC, a Minnesota limited liability company, the General Partner of Penn Station Apartments LLLP, a Minnesota limited liability limited partnership, on behalf of the Mortgagor.

Notary Republic

This document drafted by:

Kennedy & Graven, Chartered (RHB)
150 South Fifth Street
Minneapolis, MN 55402-1299

EXHIBIT A
LEGAL DESCRIPTION

[to be completed]

EXHIBIT B
PERMITTED ENCUMBRANCES

[to be completed]

**NOTE
(LHIA)**

\$850,000

Richfield, Minnesota
_____, 2025

FOR VALUE RECEIVED, the undersigned (herein called the “Borrower”), promises to pay to the order of the City of Richfield, a municipal corporation under the laws of Minnesota, or its assigns (the “Lender”), the sum of \$850,000 (the “Loan”). Said sum was made available to the Borrower pursuant to the terms of a Loan Agreement of even date herewith (the “Loan Agreement”) between the Lender and the Borrower to enable the Borrower to undertake the development of the Grant-Eligible Activities (as defined in the Loan Agreement) on Property (as defined in the Loan Agreement) located in the City of Richfield, Minnesota.

1. This Note shall not bear interest.
2. The principal of the Loan shall be due and payable in one lump sum on the earliest of: (a) December 31, 2055, (b) the sale of any portion of the Property by the Borrower without the Lender’s prior written consent, or (c) the Borrower’s material default under the Loan Agreement or Combination Mortgage and Security Agreement of even date herewith (the “Mortgage”) from the Borrower to the Lender (the “Maturity Date”), at which time all unpaid principal and sums paid or advanced by the Lender is due and payable. This Note may also be required to be repaid in whole or in part in accordance with Article IX of the Loan Agreement. The Note may be prepaid in whole or in part at any time without penalty.
3. If suit is instituted by Lender, or its successors or assigns, to recover on this Note, the Borrower agrees to pay all costs of such collection actually incurred, awarded by a court of competent jurisdiction, and reasonably documented, including reasonable attorneys’ fees and court costs. If this Note be reduced to judgment, such judgment shall bear the lawful interest rate pertaining to judgments, but not to exceed six percent (6%) per annum.
4. The Borrower hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Note.
5. This Note is given pursuant to the Loan Agreement and the Mortgage delivered by the Borrower. If either the Loan Agreement or the Mortgage is found to be invalid due to a material breach, misrepresentation, or act of the Borrower, such invalidity shall constitute an Event of Default hereunder. This Note is secured by the Mortgage and such Mortgage describes the rights of the Lender as to the acceleration of the indebtedness evidenced by this Note.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, the Mortgage, or any other instrument securing this Note are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Loan Agreement, the Mortgage, or any other instrument securing this Note, then the Lender

may at its right and option, after giving any written notice and allowing any applicable cure period provided in the Loan Agreement or Mortgage, declare immediately due and payable the principal balance of this Note and sums paid or advanced by the Lender, together with reasonable attorneys' fees and expenses, to the extent awarded to Lender by a court of competent jurisdiction, incurred by the Lender in collecting or enforcing payment hereof and all other sums due hereunder or any instrument securing this Note.

6. The remedies of the Lender as provided herein and in the Loan Agreement, the Mortgage, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Lender, may be exercised, subject always to the nonrecourse limitations in paragraph 9 and applicable law, as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Lender shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. If any term of this Note, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

8. This Note shall be governed by and construed in accordance with the laws of Minnesota.

9. Neither the Borrower nor any partner shall have any personal liability for the Borrower's obligations hereunder, it being recognized by the Lender the obligations of the Borrower hereunder are non-recourse obligations and that the remedies of the Lender are limited to the collateral security provided in connection with the Loan.

10. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

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

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned as of the date and year first written above.

PENN STATION APARTMENTS LLLP, a
Minnesota limited liability limited partnership

By: Penn Station Apartments LLC, a Minnesota
limited liability company
Its: General Partner

By: JO Companies, LLC, a Minnesota limited
liability company
Its Sole Member

By: _____
Johnny Opara, Its Manager

Dated: _____

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

GRANTEE: City of Richfield		GRANT NO. SG-22863
PROJECT: Penn Station		
GRANT AMOUNT: \$ 850,000.00	FUNDING CYCLE: 2024	
COUNCIL ACTION: 01/08/2025	EXPIRATION DATE: 12/31/2027	

METROPOLITAN LIVABLE COMMUNITIES ACT GRANT AGREEMENT

THIS GRANT AGREEMENT (“Agreement”) is made and entered into by the Metropolitan Council (“Council”) and the Municipality or Development Authority identified above as “Grantee.”

WHEREAS, Minnesota Statutes section 473.251 creates the Metropolitan Livable Communities Fund, the uses of which fund must be consistent with and promote the purposes of the Metropolitan Livable Communities Act (“LCA”) and the policies of the Council’s Metropolitan Development Guide; and

WHEREAS, Minnesota Statutes sections 473.251 and 473.254 establish within the Metropolitan Livable Communities Fund a Local Housing Incentives Account and require the Council to annually distribute funds in the account to Participating Municipalities that have not met their affordable and life-cycle housing goals and are actively funding projects designed to help meet the goals, or to Development Authorities for projects located in Participating Municipalities; and

WHEREAS, the Grantee is a Municipality that has negotiated affordable and life-cycle housing goals pursuant to Minnesota Statutes section 473.254, subdivision 2, and has elected to participate in the Local Housing Incentives Account program, or is a Development Authority; and

WHEREAS, the Grantee seeks funding in connection with an application for Local Housing Incentives Account funds submitted in response to a consolidated Request for Proposals with Minnesota Housing for the “Funding Cycle” identified above and will use the grant funds made available under this Agreement to help fund the “Project” identified in the application; and

WHEREAS, the Council awarded Local Housing Incentives Account grant program funds to the Grantee subject to any terms, conditions, and clarifications stated in its Council Action, and with the understanding that the Project identified in the application will proceed to completion in a timely manner, all grant funds will be expended prior to the “Expiration Date” identified above and Project construction will have “commenced” before the Expiration Date.

NOW THEREFORE, in reliance on the above statements and in consideration of the mutual promises and covenants contained in this Agreement, the Grantee and the Council agree as follows:

I. DEFINITIONS

1.01. Definition of Terms. The terms defined in this section have the meanings given them in this section unless otherwise provided or indicated by the context.

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- (a) **Commenced.** For the purposes of Sections 2.09 and 5.03, “commenced” means significant physical improvements have occurred in furtherance of the Project (*e.g.*, a foundation is being constructed or other tangible work on a structure has been initiated). In the absence of significant physical improvements, visible staking, engineering, land surveying, soil testing, cleanup site investigation, or pollution cleanup activities are not evidence of Project commencement for the purposes of this Agreement.
- (b) **Council Action.** “Council Action” means the action or decision of the governing body of the Metropolitan Council, on the meeting date identified at Page 1 of this Agreement, by which the Grantee was awarded Local Housing Incentives Account funds.
- (c) **County.** “County” means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.
- (d) **Development Authority.** “Development Authority” means a housing and redevelopment authority, economic development authority, or port authority.
- (e) **Metropolitan Area.** “Metropolitan Area” means the seven-county metropolitan area as defined by Minnesota Statutes section 473.121, subdivision 2.
- (f) **Municipality.** “Municipality” means a statutory or home rule charter city or town in the Metropolitan Area.
- (g) **Participating Municipality.** “Participating Municipality” means a Municipality electing to participate in the Local Housing Incentives Account program under Minnesota Statutes section 473.254.
- (h) **Project.** Unless clearly indicated otherwise by the context of a specific provision of this Agreement, “Project” means the development or redevelopment project identified in the application for Local Housing Incentives Account funds for which grant funds were requested. Grant-funded activities typically are components of the Project.
- (i) **Redeployment of Repaid Grant Funds.** “Redeployment of Repaid Grant Funds” means Grantee redeployment of Repaid Grant Funds to continue supporting affordable housing components of the Project or implement or support projects that will help the Grantee (or the Participating Municipality within which the Project is located) meet its affordable and life-cycle housing goals.
- (j) **Repaid Grant Funds.** “Repaid Grant Funds” means repaid loan principal and interest grant funds made available to the Grantee and disbursed to the Project Owner in the form of a loan pursuant to Sections 2.06 and 2.07 of this Agreement.

II. GRANT FUNDS

2.01. Source of Funds. The grant funds made available to the Grantee under this Agreement are from the Local Housing Incentives Account of the Metropolitan Livable Communities Fund. The grant funds are derived from property taxes authorized by Minnesota Statutes sections 473.249, 473.253 and 473.254, subdivision 5, and are not from state or federal sources.

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2.02 Total Grant Amount. The Council will grant to the Grantee the “Grant Amount” identified at Page 1 of this Agreement. Notwithstanding any other provision of this Agreement, the Grantee understands and agrees that any reduction or termination of Local Housing Incentives Account funds made available to the Council, or any reduction or termination of the dollar-for-dollar match amount required under Section 2.03, may result in a like reduction in the Grant Amount made available to the Grantee.

2.03. Match Requirement. Pursuant to Minnesota Statutes section 473.254, subdivision 6, the Grantee shall match on a dollar-for-dollar basis the total Grant Amount received from the Council under Section 2.02. The source and amount of the dollar-for-dollar match are identified in the Project Summary attached to and incorporated into this Agreement as Attachment A. With prior approval of the Council’s grant administrator the Grantee may change the source of the required match without a formal amendment to this Agreement, provided the change of match source is memorialized in a revised Project Summary.

2.04. Authorized Use of Grant Funds. The Grant Amount made available to the Grantee under this Agreement shall be used only for the purposes and Project activities described in the application for Local Housing Incentives Account funds. A Project Summary that identifies eligible uses of the grant funds as approved by the Council is attached to and incorporated into this Agreement as Attachment A. Grant funds must be used for purposes consistent with Minnesota Statutes section 473.25(a), in a Participating Municipality.

2.05. Ineligible Uses. Grant funds must be used for eligible costs directly associated with the Project activities for which the Council awarded grant funds. A detailed list of ineligible and eligible costs is available from the Community Development/Metropolitan Transportation Services Finance and Administration Department. Grant funds also shall not be used by the Grantee or others to supplant or replace: (a) grant or loan funds obtained for the Project from other sources; (b) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (c) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized by the Council. The Council shall bear no responsibility for cost overruns which may be incurred by the Grantee or others in the implementation or performance of the Project activities. The Grantee agrees to comply with any “business subsidy” requirements of Minnesota Statutes sections 116J.993 to 116J.995 that apply to the Grantee’s expenditures or uses of the grant funds.

2.06. Loans for Low-Income Housing Tax Credit Projects. If consistent with the application and the Project activities described or identified in Attachment A, or if requested in writing by the Grantee, the Grantee may structure the grant assistance to the Project as a loan so the Project Owner can take advantage of federal and state low-income housing tax credit programs. The Grantee may use the grant funds as a loan for a low-income housing tax credit Project, subject to the terms and conditions stated in Sections 2.04 and 2.05 and the following additional terms and conditions:

- (a) The Grantee covenants and represents to the Council that the Project is a rental housing project that received or will receive an award of low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended, and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency or a program administered by the Minneapolis/Saint Paul Housing Finance Board or another designated housing credit agency that sub-allocates low-income housing tax credits in the Metropolitan Area.

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- (b) The Grantee will execute a loan agreement with the Project Owner. Prior to disbursing any grant funds for the Project, the Grantee will provide to the Council a copy of the loan agreement between the Grantee and the Project Owner.
- (c) Notwithstanding the Expiration Date identified at Page 1 of this Agreement and referenced in Section 5.01, when the Grantee receives Repaid Grant Funds and elects Redeployment of Repaid Grant Funds the Grantee shall report Redeployment of Repaid Grant Funds in the next annual Housing Policy and Production Survey.
- (d) The grant funds made available to the Grantee and disbursed to the Project Owner by the Grantee in the form of a loan may be used only for the grant-eligible activities and Project components for which the Grantee was awarded the grant funds. For the purposes of this Agreement, the term “Project Owner” means the current Project Owner and any Project Owner successor(s).
- (e) Pursuant to Section 2.05, the grant funds made available to the Grantee and disbursed to the Project Owner in the form of a loan shall not be used by the Grantee, the Project Owner or others to supplant or replace: (1) grant or loan funds obtained for the Project from other sources; or (2) Grantee contributions to the Project, including financial assistance, real property or other resources of the Grantee; or (3) funding or budgetary commitments made by the Grantee or others prior to the Council Action, unless specifically authorized by the Council. The Council will not make the grant funds available to the Grantee in a lump sum payment but will disburse the grant funds to the Grantee on a reimbursement basis pursuant to Section 2.12.
- (f) By executing this Agreement, the Grantee: (1) acknowledges that the Council expects the loan will be repaid so the grant funds may be used to help fund other activities consistent with the requirements of the Metropolitan Livable Communities Act; (2) covenants, represents and warrants to the Council that the Grantee’s loan to the Project Owner will meet all applicable low-income housing tax credit program requirements under Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”), and the low-income housing tax credit program administered by the Minnesota Housing Finance Agency or a program administered by the Minneapolis/Saint Paul Housing Finance Board or another designated housing credit agency that sub-allocates low-income housing tax credits in the Metropolitan Area; and (3) agrees to administer its loan to the Project Owner consistent with federal and state low-income housing tax credit program requirements.
- (g) The Grantee will, at its own expense, use diligent efforts to recover loan proceeds: (1) whenever the Project Owner becomes obligated to repay the Grantee’s loan or defaults on the Grantee’s loan; (2) when the initial thirty-year “compliance period” expires, unless the Council agrees in writing that the Grantee may make the grant funds available as a loan to the Project Owner for an “extended use period”; and (3) if noncompliance with low-income housing tax credit program requirements or some other event triggers the Project Owner’s repayment obligations under its loan agreement with the Grantee. Except as otherwise provided in this Paragraph (g), the Grantee must repay to the Council all loan repayment amounts the Grantee receives from the Project Owner. The Grantee shall not be obligated to repay the grant funds to the Council except to the extent the Project Owner repays its loan to the Grantee, provided the Grantee has exercised the reasonable degree of diligence and used

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administrative and legal remedies a reasonable and prudent housing finance agency would use to obtain payment on a loan, taking into consideration (if applicable) the subordinated nature of the loan.

As an alternative to such loan proceeds recovery, the Grantee may elect Redeployment of Repaid Grant Funds. If the Grantee elects Redeployment of Repaid Grant Funds, the Grantee shall report such Redeployment of Repaid Grant Funds in its next annual Housing Policy and Production Survey. Upon the Council's review of any Redeployment of Repaid Grant Funds identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such funds if, after review, the Council determines such Redeployment of Repaid Grants Funds does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the Repaid Grant Funds.

- (h) If the Grantee earns any interest or other income from its loan agreement with the Project Owner, the Grantee must repay to the Council all interest or other income the Grantee receives from the Project Owner. Alternatively, the Grantee may elect redeployment of interest or other income received from the Project Owner. If the Grantee elects redeployment of such interest or other income so received, the Grantee shall report such redeployment in its next annual Housing Policy and Production Survey. Upon the Council's review of any such redeployment identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such interest or other funds if, after review, the Council determines such redeployment of does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the interest or other income received from the Project Owner. The Grantee is not obligated to earn any interest or other income from its loan agreement with the Project Owner, except to the extent required by any applicable law.

2.07. Revolving or Deferred Loans. If consistent with the application and the Project Summary or if requested in writing by the Grantee, the Grantee may use the grant funds to make deferred loans (loans made without interest or periodic payments), revolving loans (loans made with interest and periodic payments) or otherwise make the grant funds available on a "revolving" basis for the purposes of implementing the Project activities described or identified in Attachment A.

As an alternative to such loan proceeds recovery for revolving loans, the Grantee may elect Redeployment of Repaid Grant Funds. If the Grantee elects Redeployment of Repaid Grant Funds, the Grantee shall report such Redeployment of Repaid Grant Funds in its next annual Housing Policy and Production Survey. Upon the Council's review of any Redeployment of Repaid Grant Funds identified in the Grantee's Housing Policy or Production Survey or otherwise, the Council reserves the right to request return of such funds if, after review, the Council determines such Redeployment of Repaid Grants Funds does not comply with the Livable Communities Act program requirements, or affordable and life-cycle housing goals. Upon the Council's request, the Grantee shall promptly return the Repaid Grant Funds.

2.08. Restrictions on Grants and Loans by Subrecipients. The Grantee shall not permit any subgrantee, subrecipient, or contractor to use the grant funds for grants or loans to any subgrantee or subrecipient at any tier unless the Grantee obtains the prior written consent of the Council. The

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requirements of this Section 2.08 shall be included in all subgrants, subrecipient agreements, and contracts.

2.09. Project Commencement and Changes. The Project for which grant funds were requested must be “commenced” prior to the Expiration Date. The Grantee must promptly inform the Council in writing of any significant changes to the Project for which the grant funds were awarded, as well as any potential changes to the grant-funded activities described or identified in Attachment A. Failure to inform the Council of any significant changes to the Project or significant changes to grant-funded components of the Project, and use of grant funds for ineligible or unauthorized purposes, will jeopardize the Grantee’s eligibility for future LCA awards. Grant funds will not be disbursed prior to Council approval of significant changes to either the Project or to grant-funded activities described or identified in Attachment A.

2.10. Budget Variance. The Grantee may reallocate up to twenty percent (20%) of the Grant Amount among the grant-funded activities, provided: (a) the grant funds may be used only for Project activities for which the Council awarded the grant funds; (b) the reallocation does not significantly change the Project deliverables; and (c) the Grantee receives written permission from Council staff prior to reallocating any grant funds. Council staff may administratively approve budget reallocation requests that exceed twenty percent (20%) of the Grant Amount only if the reallocation does not significantly change the Project deliverables. Notwithstanding the aggregate or net effect of any variances, the Council’s obligation to provide grant funds under this Agreement shall not exceed the Grant Amount identified at Page 1 of this Agreement.

2.11. Loss of Grant Funds. The Grantee agrees to remit to the Council in a prompt manner: any unspent grant funds, including any grant funds that are not expended prior to the Expiration Date identified at Page 1 of this Agreement; any grant funds that are not used for the authorized purposes; any grant funds that are not matched on a dollar-for-dollar basis as required by Section 2.03; and any interest earnings described in Section 2.13 that are not used for the purposes of implementing the grant-funded Project activities described or identified in Attachment A. For the purposes of this Agreement, grant funds are “expended” prior to the Expiration Date if the Grantee pays or is obligated to pay for expenses of eligible grant-funded Project activities that occurred prior to the Expiration Date and the eligible expenses were incurred prior to the Expiration Date. Unspent or unused grant funds and other funds remitted to the Council shall revert to the Council’s Local Housing Incentives Account for distribution through application processes in future Funding Cycles or as otherwise permitted by law.

2.12. Payment Requests, Documentation, and Disbursements. The Council will disburse grant funds in response to payment requests submitted by the Grantee through the Council’s online grant management system and reviewed and approved by the Council’s Authorized Agent. The Council will make the final determination whether the expenditures are eligible for reimbursement under this Agreement, and verify the total amount requested from the Council. Reimbursement of any costs does not constitute a waiver by the Council of any Grantee noncompliance with this Agreement.

The Council shall disburse grant funds for all grant-eligible expenditures within thirty-five (35) days of the receipt of satisfactory documentation from the Grantee. **NOTWITHSTANDING THE PROVISIONS OF THIS SECTION 2.12, THE COUNCIL WILL NOT DISBURSE ANY GRANT FUNDS TO THE GRANTEE UNLESS THE PARTICIPATING MUNICIPALITY**

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WITHIN WHICH THE PROJECT IS LOCATED HAS ADOPTED A FAIR HOUSING POLICY AS REQUIRED BY SECTION 3.04.

2.13. Interest Earnings. If the Grantee earns any interest or other income from the grant funds received from the Council under this Agreement, the Grantee will use the interest earnings or income only for the purposes of implementing the Project activities described or identified in Attachment A.

2.14. Effect of Grant. Issuance of this grant neither implies any Council responsibility for contamination, if any, at the Project site nor imposes any obligation on the Council to participate in any pollution cleanup of the Project site if such cleanup is undertaken or required.

2.15. Resale Limitations. The Grantee must impose resale limitations regarding the disposition of any equity realized by the purchasers of “affordable” units if grant funds received from the Council under this Agreement are used for homeownership affordability gap financing in the Project described or identified in Attachment A. The intent of this resale limitation is to protect the public investment in the Project and ensure that a proportion of the affordability gap provided by the public investment in the form of grant funds received from the Council is recaptured for reuse in conjunction with other affordable housing efforts and does not become a windfall for any purchaser who might sell the home prior to expiration of a predetermined resale limitation period. If a purchaser sells the “affordable” home prior to expiration of the resale limitation time period, an equitable proportion of the affordability gap filled by grant funds received from the Council under this Agreement must be recaptured by the Grantee within twenty-four (24) months of the triggering resale event and applied to a similar affordable housing project within the Participating Municipality or returned to the Council. Unless otherwise agreed to by the Council and the Grantee, the length of the resale limitation time period and the proportion of the affordability gap to be recovered will be consistent with resale limitation time periods and repayment schedules stated in the Project application. These resale limitations do not apply when the grant funds are used for homeownership value gap financing.

III. AFFORDABILITY; AFFIRMATIVE FAIR HOUSING

3.01. Affordability Term. If the Project for which the grant funds were awarded includes affordable housing units, the Grantee shall, through written instruments or otherwise, ensure the affordable units will remain affordable for a minimum period of fifteen (15) years. The Grantee’s obligation under this section may be satisfied if other Project funding sources (*e.g.*, the Minnesota Housing Finance Agency or the U.S. Department of Housing and Urban Development (“HUD”)) or state or federal laws (*e.g.*, low-income housing tax credit programs) require an affordability term of at least fifteen (15) years. For the purposes of this section, “affordable housing unit” means a unit that is affordable to households at eighty percent (80%) or less of the Area Median Income (“AMI”), as established by HUD, unless the Grantee’s application stated an affordability standard lower than eighty percent (80%) of AMI, in which case the Grantee’s lower affordability standard shall apply. The affordability requirements of this section shall survive the expiration or termination of this Agreement. If the affordable housing units are made available for homeownership then they are subject to the resale limitations specified in Section 2.15 and the affordability requirements of this section only apply if Council grant funds pay more than half of the housing unit’s affordability gap stated in the Project application.

3.02. Affirmative Fair Housing Marketing Plans. If the Project for which the grant funds were awarded is a housing project or includes housing units (whether market rate or affordable), the

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Grantee shall, through written instruments or otherwise, ensure the Project owner (and any subsequent owner(s)) adopts and implements an affirmative fair housing marketing plan for all Project housing units. For the purposes of this section, “affirmative fair housing marketing plan” means an affirmative fair housing marketing plan that substantially conforms to affirmative fair housing marketing plans published by the U.S. Department of Housing and Urban Development (“HUD”) or sample affirmative fair housing marketing plans published by the Minnesota Housing Finance Agency. The affirmative fair housing marketing plan requirement under this section shall continue for the minimum affordability term specified in Section 3.01 and shall survive the expiration or termination of this Agreement.

3.03. Section 8 Housing Choice Vouchers. If the Project is a housing project, or includes housing units (whether market rate or affordable) and the Grantee stated in its application that the Project housing units would be made available to households participating in the federal Housing Choice Voucher program, the Grantee shall, through written instruments or otherwise, ensure the Project owner (and any subsequent owner(s)) adopts and implements a policy under which the Project owner will not refuse to lease Project units to households or individuals participating in the Housing Choice Voucher program because those households or individuals are Housing Choice Voucher program participants. The Housing Choice Voucher requirement under this section shall continue for the minimum affordability term specified in Section 3.01 and shall survive the expiration or termination of this Agreement.

3.04. Fair Housing Policy. If the Project will include a housing component, the governing body of the Participating Municipality within which the Project is located must have adopted a Fair Housing Policy. For the purposes of this section, the term “Fair Housing Policy” means a written statement regarding the Participating Municipality’s commitment to fair housing that substantively includes at least the following elements: a purpose statement; procedures for responding to fair housing concerns and complaints; and a designated individual or staff position responsible for fair housing issues. A best practices guide, as well as a copy of a model local fair housing policy is available at: <https://metro council.org/Handbook/Files/Resources/Best-Practices/Fair-Housing-Policy-Guide.aspx>.

IV. ACCOUNTING, AUDIT, AND REPORT REQUIREMENTS

4.01. Accounting and Records. The Grantee agrees to establish and maintain accurate and complete accounts and records relating to the receipt and expenditure of all grant funds received from the Council. Notwithstanding the expiration and termination provisions of Sections 5.01 and 5.02, such accounts and records shall be kept and maintained by the Grantee for a period of six (6) years following the completion of the Project activities described or identified in Attachment A or six (6) years following the expenditure of the grant funds, whichever occurs earlier. For all expenditures of grant funds received pursuant to this Agreement, the Grantee will keep proper financial records and other appropriate documentation sufficient to evidence the nature and expenditure of the dollar-for-dollar match funds required under Section 2.03. Accounting methods shall be in accordance with generally accepted accounting principles.

4.02. Audits. The above accounts and records of the Grantee shall be audited in the same manner as all other accounts and records of the Grantee are audited and may be audited or inspected on the Grantee’s premises or otherwise by individuals or organizations designated and authorized by the Council at any time, following reasonable notification to the Grantee, for a period of six (6) years

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following the completion of the Project activities or six (6) years following the expenditure of the grant funds, whichever occurs earlier. Pursuant to Minnesota Statutes section 16C.05, subdivision 5, the books, records, documents and accounting procedures and practices of the Grantee that are relevant to this Agreement are subject to examination by the Council and either the Legislative Auditor or the State Auditor, as appropriate, for a minimum of six (6) years.

4.03. Reporting and Continuing Requirements. The Grantee will report to the Council on a semi-annual basis by January 31 (for the period of July 1 through December 31) and July 31 (for the period January 1 through June 30) of each calendar year during the term of this Agreement. The Grantee reports shall describe the status of the Project activities described or identified in Attachment A. The report shall also describe the Project spending for the current reporting period and projected spending for the future reporting periods. The Grantee also must complete and submit to the Council a Final Report before the final disbursement of grant funds will be approved. The form and content of the semi-annual status reports and the Final Report will be determined by the Council. These reporting requirements and the reporting requirements of Sections 2.06 and 2.07 shall survive the expiration or termination of this Agreement.

4.04. Environmental Site Assessment. The Grantee represents that a Phase I Environmental Site Assessment or other environmental review has been or will be carried out, if such environmental assessment or review is appropriate for the scope and nature of the Project activities funded by this grant, and that any environmental issues have been or will be adequately addressed.

V. AGREEMENT TERM

5.01. Term and Close Out. This Agreement is effective upon execution of this Agreement by the Council. Unless terminated pursuant to Section 5.02, this Agreement expires on the Expiration Date identified at Page 1 of this Agreement. Failure of the Grantee to timely execute this Agreement does not extend the Expiration Date. The Grantee has 120 calendar days after the Expiration Date to provide documentation and information necessary to close out this Agreement and receive disbursements for eligible grant-funded Project activities as prescribed in Section 2.04. If the Grantee fails to provide necessary documentation and information during this 120-day close out period, the Grantee shall not be eligible to receive any unpaid grant funds and the Council will not disburse any unpaid grant funds to the Grantee. This 120-day close out period does not extend any Grantee reporting deadlines established in this Agreement or authorize the Grantee to expend or commit any grant funds after the Expiration Date.

5.02. Termination. This Agreement may be terminated by the Council for cause at any time upon fourteen (14) calendar days' written notice to the Grantee. Cause shall mean a material breach of this Agreement and any amendments of this Agreement. If this Agreement is terminated prior to the Expiration Date, the Grantee shall receive payment on a pro rata basis for eligible Project activities described or identified in Attachment A that have been completed prior to the termination. Termination of this Agreement does not alter the Council's authority to recover grant funds on the basis of a later audit or other review and does not alter the Grantee's obligation to return any grant funds due to the Council as a result of later audits or corrections. If the Council determines the Grantee has failed to comply with the terms and conditions of this Agreement and the applicable provisions of the Metropolitan Livable Communities Act, the Council may take any action to protect the Council's interests and may refuse to disburse additional grant funds and may require the Grantee to return all or part of the grant funds already disbursed.

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5.03. Amendments and Extension. The Council and the Grantee may amend this Agreement by mutual agreement. Amendments or an extension of this Agreement shall be effective only on the execution of written amendments signed by authorized representatives of the Council and the Grantee. If the Grantee needs a change to the Project, additional time within which to complete grant-funded activities and commence the Project, a change in the budget, or a change in the grant-funded activities the Grantee must submit to the Council **AT LEAST NINETY (90) CALENDAR DAYS PRIOR TO THE EXPIRATION DATE**, a complete, written amendment request. All requirements must be met for a request to be considered complete. **THE EXPIRATION DATE MAY BE EXTENDED, BUT THE PERIOD OF ANY EXTENSION(S) SHALL NOT EXCEED TWO (2) YEARS BEYOND THE ORIGINAL EXPIRATION DATE IDENTIFIED AT PAGE 1 OF THIS AGREEMENT.**

VI. GENERAL PROVISIONS

6.01. Equal Opportunity. The Grantee agrees it will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, gender identity, marital status, status with regard to public assistance, familial status, membership or activity in a local civil rights commission, disability, sexual orientation, or age and will take affirmative action to insure applicants and employees are treated equally with respect to all aspects of employment, rates of pay and other forms of compensation, and selection for training.

6.02. Conflict of Interest. The members, officers, and employees of the Grantee shall comply with all applicable state statutory and regulatory conflict of interest laws and provisions.

6.03. Liability. Subject to the limitations provided in Minnesota Statutes chapter 466, to the fullest extent permitted by law, the Grantee shall defend, indemnify, and hold harmless the Council and its members, employees, and agents from and against all claims, damages, losses, and expenses, including but not limited to attorneys' fees, arising out of or resulting from the conduct or implementation of the Project activities funded by this grant, except to the extent the claims, damages, losses and expenses arise from the Council's own negligence. Claims included in this indemnification include, without limitation, any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes chapter 115B, the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) as amended, United States Code, title 42, sections 9601 *et seq.*, and the federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code, title 42, sections 6901 *et seq.* This obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which otherwise would exist between the Council and the Grantee. The provisions of this section shall survive the expiration or termination of this Agreement. This indemnification shall not be construed as a waiver on the part of either the Grantee or the Council of any immunities or limits on liability provided by Minnesota Statutes chapter 466, or other applicable state or federal law.

6.04. Acknowledgments and Signage. The Grantee will acknowledge the financial assistance provided by the Council in promotional materials, press releases, reports, and publications relating to the Project. The acknowledgment will contain the following or comparable language:

*Financing for this project was provided by the Metropolitan Council
Metropolitan Livable Communities Fund.*

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Until the Project is completed, the Grantee shall ensure the above acknowledgment language, or alternative language approved by the Council's Authorized Agent, is included on all signs (if any) located at Project or construction sites that identify Project funding partners or entities providing financial support for the Project. The acknowledgment and signage should refer to the "Metropolitan Council" (not "Met Council" or "Metro Council").

6.05. Permits, Bonds, and Approvals. The Council assumes no responsibility for obtaining any applicable local, state, or federal licenses, permits, bonds, authorizations, or approvals necessary to perform or complete the Project activities described or identified in Attachment A. The Grantee and its developer(s), if any, must comply with all applicable licensing, permitting, bonding, authorization, and approval requirements of federal, state, and local governmental and regulatory agencies, including conservation districts.

6.06. Subgrantees, Contractors, and Subcontractors. The Grantee shall include in any subgrant, contract, or subcontract for Project activities appropriate provisions to ensure subgrantee, contractor, and subcontractor compliance with all applicable state and federal laws and this Agreement. Along with such provisions, the Grantee shall require that contractors and subcontractors performing work covered by this Agreement comply with all applicable state and federal Occupational Safety and Health Act regulations. The Grantee's subgrant agreement(s) shall expressly include the affordability and affirmative fair housing marketing plan requirements of Sections 3.01 and 3.02.

6.07. Stormwater Discharge and Water Management Plan Requirements. If any grant funds are used for urban site redevelopment, the Grantee shall at such redevelopment site meet or require to be met all applicable requirements of:

- (a) Federal and state laws relating to stormwater discharges including, without limitation, any applicable requirements of Code of Federal Regulations, title 40, parts 122 and 123; and
- (b) The Council's *2040 Water Resources Policy Plan* and the local water management plan for the jurisdiction within which the redevelopment site is located.

6.08. Authorized Agent. Payment requests, written reports, and correspondence submitted to the Council pursuant to this Agreement shall be directed to the Authorized Agent named below or their successor through the Council's online grants administration portal or to the below contact information:

Attn: Kelly Nezworski
Metropolitan Council
CD & MTS Finance and Administration
390 Robert Street North
Saint Paul, Minnesota 55101-1805
kelly.nezworski@metc.state.mn.us

6.09. Non-Assignment. Minnesota Statutes section 473.254, subdivision 6, requires the Council to distribute the grant funds to eligible "municipalities" or "development authorities" for projects in municipalities participating in the Local Housing Incentives Account program. Accordingly, this Agreement is not assignable and shall not be assigned by the Grantee.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

6.10. Authorization to Reproduce Images. The Grantee certifies that the Grantee: (a) is the owner of any renderings, images, perspectives, sections, diagrams, photographs, or other copyrightable materials (collectively, “copyrightable materials”) that are in the Grantee’s application or are submitted to the Council as part of the grant application review process or after grant award, or that the Grantee is fully authorized to grant permissions regarding the copyrightable materials; and (b) the copyrightable materials do not infringe upon the copyrights of others. The Grantee agrees the Council has a nonexclusive royalty-free license and all necessary permissions to reproduce and publish the copyrightable materials for noncommercial purposes, including but not limited to press releases, presentations, reports, and on the internet. The Grantee also agrees the Grantee will not hold the Council responsible for the unauthorized use of the copyrightable materials by third parties.

6.11. Warranty of Legal Capacity. The individuals signing this Agreement on behalf of the Grantee and on behalf of the Council represent and warrant on the Grantee’s and the Council’s behalf respectively that the individuals are duly authorized to execute this Agreement on the Grantee’s and the Council’s behalf respectively and that this Agreement constitutes the Grantee’s and the Council’s valid, binding, and enforceable agreements.

6.12. Counterparts. This Agreement may be executed in counterpart, each of which counterpart constitutes an original, but both of which together constitute one instrument.

6.13. Electronic Signatures. The electronic signatures of the Council’s and the Grantee’s authorized representatives shall be valid as an original signature of the authorized representatives and shall be effective to bind the Council and the Grantee under this Agreement. This Agreement containing, or to which there is affixed, an electronic signature shall be deemed to: (a) be “written” or “in writing”; (b) have been signed; and (c) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. “Electronic signature” also means a manually signed original signature that is then transmitted by any electronic means, including without limitation a faxed version of an original signature or an electronically scanned and transmitted version (*e.g.*, via PDF) of an original signature. The Council’s or the Grantee’s failure to produce the original signature of any electronically transmitted signature shall not affect the enforceability of this Agreement.

This space intentionally left blank. Signature page follows.

LOCAL HOUSING INCENTIVES ACCOUNT GRANT PROGRAM

IN WITNESS WHEREOF, the Grantee and the Council have caused this Agreement to be executed by their duly authorized representatives. This Agreement is effective on the date of final execution by the Council.

CITY OF RICHFIELD

METROPOLITAN COUNCIL

By: Mary B. Suple

By: LisaBeth Barajas

Title: Mayor of Richfield

LisaBeth Barajas, Executive Director
Community Development Division

Date: 01/29/25

Date: 06/02/2025

By: Kati Rooy

Title: City Manager

Date: 01/30/25

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

Approved as to form:

By: Mary Tietjen

City Attorney's Office

Date: 01/29/25

ATTACHMENT A

PROJECT SUMMARY

This attachment comprises this page and the succeeding page(s) which contain(s) a summary of the Project identified in the application for Local Housing Incentives Account grant funds submitted in response to a consolidated Request for Proposals issued with Minnesota Housing for the Funding Cycle identified at Page 1 of this Agreement. The summary reflects the proposed Project for which the Grantee was awarded grant funds by the Council Action, and may reflect changes in Project funding sources, changes in funding amounts, or minor changes in the proposed Project that occurred subsequent to application submission. The application is incorporated into this Agreement by reference and is made a part of this Agreement as follows. If the application or any provision in the application conflicts with or is inconsistent with the Council Action, other provisions of this Agreement, or the Project summary contained in this Attachment A, the terms, descriptions, and dollar amounts reflected in the Council Action or contained in this Agreement and the Project Summary shall prevail. For the purposes of resolving conflicts or inconsistencies, the order of precedence is: (1) the Council Action; (2) this Agreement; (3) the Project Summary; and (4) the grant application.

Livable Communities Project Summary

Grant # SG-22863
Type: Local Housing Incentives Account
Applicant: City of Richfield
Project Name: Penn Station
Project Location: 6501 & 6525 Penn Avenue South
Council District(s): 5 – John Pacheco, Jr.

Project Detail	
Project Overview	New construction, 42-unit affordable housing development. Seven units will be set aside for High Priority Homeless residents and another six will be set aside for People with Disabilities. The project will include an on-site play area for children as well as ground floor amenity space for residents including on-site management, a fitness center, and a community room.
Total housing units	42
Affordability Bands	<30% AMI: 16 units 51-60% AMI: 26 units
Unit Sizes	One BR: 8 units Two BR: 22 units Three BR: 8 units Four BR: 4 units
Funding	
LHIA Funds	\$850,000
LHIA Match Source	City of Richfield Affordable Housing Trust Fund: \$485,000 Reduced Sale Price from the City of Richfield: \$1,000,000












Grant No. 22863

Final Audit Report

2025-01-30

Created:	2025-01-29
By:	Latonia Dubois (LDubois@richfieldmn.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAA_A11bfa4-OdA1lxMX_uh7jllbuctoe6R

"Grant No. 22863" History

-  Document created by Latonia Dubois (LDubois@richfieldmn.gov)
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-  Document emailed to Mary Supple (msupple@richfieldmn.gov) for signature
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-  Document emailed to Katie Rodriguez (krodriguez@richfieldmn.gov) for signature
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-  Agreement completed.
2025-01-30 - 3:43:00 PM GMT



Report Prepared By:
Sam Crosby, City Planner

Department Director:
Melissa Poehlman, Community Development Director

Item for Consideration:
First reading of ordinance changes related to multifamily development regulations (MR-2 & MR-3 zoning district updates).

EXECUTIVE SUMMARY

During the 2018 Comprehensive Plan update, residents overwhelmingly identified housing needs and affordability as a key concern. Recognizing that outdated zoning regulations are one barrier to affordable housing, the City is updating the MR-2 (Multifamily) and MR-3 (High Density Multifamily) zoning districts to better facilitate a variety of housing choices known as the “missing middle.” Missing middle housing refers to moderately dense housing options such as triplexes, quadplexes, and small apartment buildings. These types of homes can provide affordable and diverse living options, filling the gap between single-family homes and large high-rise buildings.

It is important to note that the update focuses on regulations for multifamily housing construction and does not involve the rezoning of any properties. For details on affected areas, refer to the “Existing & Planned Multifamily Parcels Map.”

Since August 2024, City planning staff and consultant TC2 have collaborated on this effort (see “Historical Context” below). The proposed changes were carefully crafted based on real-world examples, and tested by designers on typical parcel sizes to ensure feasibility. Following an eight-month update process and close collaboration with policymakers and stakeholders, staff have prepared seven related ordinances.

In summary, the proposed amendments found in the seven ordinances are intended to:

- Facilitate infill development of small-sized multifamily housing;
- Accommodate the density ranges prescribed by the 2040 Comprehensive Plan; and
- Streamline the review and approval process.

HISTORICAL CONTEXT

- The City was awarded a Metropolitan Council Livable Communities Act (LCA) Policy Development Grant in June 2024, and a contract with consultant TC2 was finalized in August 2024.
- The project began in late 2024/early 2025 with research into best practices, meetings with developers, and analysis of local project examples.

- The first Administrative Review Committee (ARC) meeting was held on January 9, 2025.
 - A joint Planning Commission and City Council work session on Tier I standards was held on February 24, 2025.
 - A second ARC meeting was held on March 13, 2025.
 - The project website was launched and public outreach was initiated in April 2025:
1. Post cards were mailed to owners of parcels zoned MR-2 or MR-3, or guided for multifamily (Medium or High Density).
 2. The project website was promoted through social media, local newspapers, and the Richfield Recap.
 3. Stakeholder outreach included the following groups:
 - Developers
 - Minneapolis Association of Realtors
 - Richfield Chamber of Commerce
 - Regional Housing Policy Group
 - Richfield Apartment Managers Association
- A joint Planning Commission and City Council work session on Tier II and Tier III standards was held on May 13, 2025.
 - A third ARC meeting was held on June 12, 2025.
 - The project website was revised and a second round of public outreach took place in June.

RECOMMENDED ACTION

By motion: Approve the first reading of seven ordinance amendments regarding multifamily development regulations (MR-2 & MR-3 district updates).

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Affordability

The changes being considered support more than one of the Council's strategic outcomes. First and foremost, it will help maintain Richfield as an affordable place to live.

Sustainability

The proposed changes will promote climate resiliency, as facilitating the construction of infill housing helps mitigate sprawl and dependence on private automobiles. Smaller dwellings have a lower per capita energy use. According to the American Council for Energy Efficiency and Economics, shared walls and HVAC systems utilize far fewer resources than detached dwellings.

Efficiency

The proposed increase in administrative project approvals will further the Community Development strategic initiative to update development review processes and procedures.

Equity

The proposed changes will help to reduce racial inequities and barriers to affordable living for traditionally excluded groups. Middle housing has historically given working-class families, which tend to have a greater population of people of color, access to

more affordable homes. Facilitating the development of missing middle housing near jobs, amenities, services and transit will make strides toward undoing past discriminatory practices by providing more units that are attainable to communities of color. Regardless of race or income, housing should be available for everyone; arguments to the contrary are exclusionary.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Several changes have been made to modernize and facilitate infill development on MR-2 and MR-3 properties. Generally, changes include: reduced minimum lot sizes, increased building and lot coverages, reduced setbacks, minor height changes, and parking reductions in targeted transit and pedestrian-friendly areas. Building and site design standards have been updated to ensure high-quality design and general consistency with similar uses in other districts. The approval process has been modified to allow some projects with administrative review only. (Projects of up to 16 units in MR-2, and 32 units in MR-3, could be approved at a staff level provided all requirements are met).

One change was added after the last work session (before the Planning Commission): to apply Electric Vehicle charger requirements to multifamily the same way we apply them to commercial sites - on a per stall basis, rather than a per unit basis. The thresholds were also adjusted very slightly to be more equitable.

The Planning Commission voted unanimously (5-0) to recommend approval on July 28. Staff pointed out an omission related to sidewalks, and after a public hearing, the Commission approved the ordinances as presented, with the inclusion of the missing sidewalk requirement, which can now be found under the “Additional Regulations” section of both the MR-2 and MR-3 districts.

One more adjustment was made by staff since the Planning Commission meeting. Regarding exterior material requirements in the “General Building and Performance Standards” section, the amount of finished metal panels allowed above the ground floor was increased from 20% to 40%. In reviewing the project examples again, staff feels 20% may be too restrictive. The material is budget-friendly; so long as the material is not the predominant material used, the established residential character would be maintained.

For a detailed summary of the changes proposed by the draft ordinances, see the Tier I, II and III documents, attached.

Discretion

The City has a high level of discretion when reviewing a Zoning Code text amendment. The Zoning Code is the main tool cities use to enact policies and development standards they decide are appropriate for their community. However, the proposed amendment must be consistent with the goals, policies and objectives of the Comprehensive Plan.

Comprehensive Plan

The 2040 Comprehensive Plan (adopted in 2018) is the foundation for this work. See the “Related Comp Plan Goals and Policies” document for a list of goals and policies that support the code analysis and reform.

CRITICAL TIMING ISSUES

- Metropolitan Council grant funds need to be used by the end of June 30, 2026.
- Staff hopes to complete the code updates by the end of September 2025, prior to beginning the next comprehensive plan update, for which system statements are released this fall.

FINANCIAL IMPACT

None.

LEGAL CONSIDERATIONS

- Notice of the Planning Commission's public hearing was published in the Sun Current newspaper on July 17, 2025.
- The Planning Commission unanimously recommended approval of the proposed ordinances at its July 28 meeting.
- A second reading of the proposed ordinances is scheduled for Council consideration on September 9, along with consideration of a summary publication.

ALTERNATIVE RECOMMENDATION(S)

Approve the first reading of the ordinances with additions and or modifications;
Deny the first reading of the ordinance amendments regarding multifamily development regulations (MR-2 & MR-3 district updates).

ATTACHMENTS

1. 507 & 509 - Definitions and General Provisions Ordinance Amendment
2. 525 - MR-2 District Ordinance Amendment
3. 527 - MR-3 District Ordinance Amendment
4. 541.25 - VPA Overlay Ordinance Amendment
5. 544 - General Bldg and Perf. Standards Ordinance Amendment
6. 547 - Administration Ordinance Amendment
7. Chapter 1310 - Repeal Res. Parking Permits Ordinance
8. Existing and Planned Multifamily Parcels Map 07-24-25
9. Tier I Final
10. Tier II Final
11. Tier III Final
12. Related Comp Plan Goals and Policies

BILL NO. 2025-XX

Motion by: XX
Seconded by: XX

**AN ORDINANCE AMENDING THE RICHFIELD
ZONING CODE (APPENDIX B OF THE MUNICIPAL CODE)
TO MODIFY SECTION 507 "PURPOSE AND DEFINITIONS" AND
SECTION 509 "GENERAL PROVISIONS"
WITH CHANGES RELATED TO THE MR-2 & MR-3 ZONING CODE UPDATES**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1 Subsection 507.07 "Definitions" is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged, except for being renumbered accordingly:

Subd. 54 "Expanded 66th & Lyndale Area." All parcels located on either side of 66th Street, between Rae Drive to the west and Stevens Avenue to the east; on either side of Lyndale Avenue, between Highway 62 to the north and either 67th Street W (along east side) or Lake Shore Drive (along west side) to the south; and on either side of Nicollet Avenue, between 64th Street to the north and 67th Street East/AHA Way to the south (as depicted on the "Residential Parking Reduction Areas" map on file with the Community Development Department). (Added Bill No. 2025-)

Subd. 61. "Group housing Multi-building development." A housing development located on a single lot that consists of two (2) or more buildings, each of which contains three (3) or more dwelling units. (Amended Bill No. 2025-)

Subd. 95. "Open space, Outdoor." Lawns and other natural areas and open courtyards. Open space does not include driveways, parking areas or sidewalks. (Repealed Bill No. 2025-)

Subd. 96. "Open space, Usable." Specifically designated open space that is easily accessible and intended to serve residents and/or employees as well as visitors. This encompasses various types of open space for passive enjoyment as well as active use and includes accessible green areas and hard-surfaced urban plazas, linear pedestrian-oriented greenways, major pedestrian areas, courtyards, pocket parks and outdoor recreation areas. Usable open space does not include driveways, parking areas or required landscape setback areas, unless these are specifically designed for resident, public or customer access and use. (Amended Bill No. 2025-)

Subd.142 "Transit Line, Frequently Operating" A bus service route having:
i. Weekday frequency of two (2) runs per hour between 7:00 a.m. and 6:30 p.m.;
ii. Regularly scheduled service weekdays after 6:30 p.m.; and
iii. Some Saturday, Sunday, and holiday service. (Relocated Bill No. 2025-)

BILL NO. 2025-XX

Subd.143 "Transit Line, High Frequency." A north-south bus service route on an arterial roadway, having stops with a 15-minute headway or less. (Added Bill No. 2025-)

Section 2 Subsection 509.07 "Lot provisions" is amended at to read as follows:

509.07. - Lot provisions.

Subdivision 1. One building and use. Except in the case of planned unit developments, ~~group housing~~ multi-building developments, and developments in the Mixed-Use Districts, only one (1) principal building and use may be located on a lot. This subdivision is not intended to prohibit similar types of uses from occupying a multi-tenant building if all other requirements of this Code are met. (Amended Bill No. 2025-)

Subd. 2 thru 5: unchanged.

Section 3 Subsection 509.11 "Not encroachments" is amended at to read as follows:

509.11. - Not encroachments.

The following shall not be considered as encroachments on setback requirements in all zoning districts:

- a) Principal building cornices, canopies, eaves, gutters, and other similar features, provided they project not more than 30 inches into a required yard. In no event shall such features be closer than 24 inches from any lot line;
- b) Principal building chimneys, flues, vents, and other similar features, provided they project not more than 24 inches into a required yard and are no more than five (5) feet in width. In no event shall such features be closer than 30 inches from any lot line;
- c) Principal building window wells and bay windows, provided they project not more than 36 inches into a required yard. In no event shall they be closer than 24 inches from any lot line; (Amended, Bill No. 2011-13)
- d) In required front yards, principal building entry vestibules that extend a distance of six (6) feet or less, provided such vestibule is not more than eight (8) feet in width or more than one (1) story in height;
- e) In required front yards, ~~principal building balconies that extend a distance of four (4) feet or less, provided they are seven (7) feet or more above grade at the front building line;~~

BILL NO. 2025-XX

Balconies attached to principal buildings may project up to four (4) feet into required front yards and up to three (3) feet into required side and rear yards, provided such side yards are not adjacent to properties guided for low-density residential use. These projections are permitted only if the balcony is located at least seven (7) feet above grade at the building line.

- f) In front yards and street side yards, fire escapes attached to the principal building that extend a distance of four (4) feet, six (6) inches or less;
- g) In required front and rear yards, landings, steps, uncovered porches, and other similar features attached to the principal building that extend a distance of six (6) feet or less, provided such landing or uncovered porch does not extend in elevation above the height of the ground floor level, and in no case shall they be located more than 30 inches off the ground; a railing enclosure no more than three (3) feet in height may be placed around such landing or uncovered porch, unless prior approval for a greater railing height is granted by the Director. In the MR-2 & MR-3 zoning districts, the feature may be covered.
- h) In required side yards, uncovered porches attached to the principal building that extend a distance of three (3) feet or less, provided they are not more than 30 inches off the ground. In no event shall they be closer than four (4) feet from any side lot line; and
- i) In required side yards, principal building steps, stoops, handicap access ramps, and other similar features that extend a distance of three (3) feet or less. In no event shall they be closer than two (2) feet from a side lot line.

Section 4 Subsection 509.13 "Central air conditioning units" is amended at to read as follows:

509.13. - Central air conditioning units.

~~Central air conditioning units shall not be located forward of the front building line, and shall not be located closer to any side lot line than the minimum side setback requirement for the principal building.~~

Central air conditioning (AC) units shall be located in the rear yard whenever feasible. Placement of AC units in a side yard is permitted only when rear yard placement is determined to be infeasible by the City Building Official. In such cases, units may be located in a side yard provided they are not placed closer to any side lot line than the minimum side setback requirement for the principal building, minus three (3) feet. AC units shall not be located in the front yard unless placement in the rear or side yard is not feasible. In such cases, the unit must be screened from view by hardscape (e.g., fence or wall) and approved by the Director.
(Amended Bill No. 2025-)

BILL NO. 2025-XX

Section 5 Subsection 512.05 “Permitted, Conditional, Accessory and Prohibited uses in Residential Districts” is amended at to read as follows:

Land Use	R	R-1	MR-2	MR-3
Residential				
Single-family detached dwellings	P	P	N	N
Two-family dwellings	P	N	P <u>N</u>	P <u>N</u>
Multifamily dwellings <u>and multi-building developments</u> (minimum 3 units)	N	N	P/C	P/C
Cluster home developments	C	N	<u>P/C</u>	N

Section 6 This ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Adopted by the City Council of the City of Richfield, Minnesota this ___th day of September, 2025.

 Mary B. Supple, Mayor

ATTEST:

 Michelle Friedrich, City Clerk

BILL NO. 2025-XX

Motion by: XX
Seconded by: XX

**AN ORDINANCE AMENDING THE RICHFIELD
ZONING CODE (APPENDIX B OF THE MUNICIPAL CODE)
TO MODIFY THE “MULTIFAMILY RESIDENTIAL (MR-2)”
ZONING DISTRICT, SECTION 525**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1 Subsection 525.01 “Purposes” is amended to read as follows:

525.01. – Purposes.

~~The purposes of the MR-2 District regulations are to reserve appropriately located areas for multifamily dwellings; preserve as many as possible of the desirable characteristics of the single-family residential district while permitting higher population densities; provide opportunities for infill cluster housing development, thereby allowing greater intensities and a wider variety of housing types; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size (or density) in relation to the surrounding land, buildings, or infrastructure; and to provide multifamily residential areas that are safe and attractive.~~

The purpose of the MR-2 District is to provide for multifamily development that is diverse and attractive, and to facilitate context-sensitive infill and redevelopment, by allowing a variety of buildings with multiple units. Characteristics of such buildings include primary entrances and windows facing onto the street, with secondary windows facing to the side and adjoining properties, human scaled architectural elements, and green space that allows for tree canopy, water filtration, and relaxation. Examples of such building types include stacked triplexes and fourplexes, townhomes, courtyard cottages, courtyard apartments, rowhomes, small (low-rise) multifamily buildings, multi-building and cluster home developments. The district is not intended to allow more than one (1) full-sized single-family detached unit on a lot (a full-sized home meaning 1,200 square feet or bigger) or to allow slot homes. (Amended Bill No. 2025-)

BILL NO. 2025-XX

Section 2 Subsection 525.03 “Permitted Uses” is amended to read as follows:

525.03. - Permitted uses.

Subdivision 1. The uses listed in this subsection are permitted uses in the MR-2 District.

Subd. 2. Multifamily dwellings, multi-building developments and (excluding cluster home developments) with eight (8) 16 or fewer units with administrative site plan approval; and between 17 and 40 units with full site plan approval.
(Amended, Bill No. 1996-22 & Bill No 2025-)

Subd. 3. State-licensed day care facility serving 14 or fewer children. Care facilities located within the MR-2 District shall be subject to the same zoning regulations as multifamily dwellings in the MR-2 District except that one nonresident employee shall be permitted in accordance with State requirements.
(Amended, Bill No. 2016-3)

Subd. 4. State-licensed residential care facilities serving up to six (6) persons or a housing with services establishment registered under M.S. 144D serving up to six (6) persons. Care facilities located in the MR-2 District shall be subject to the same zoning regulations as multifamily dwellings in the MR-2 District.

Section 3 Subsection 525.05 “Accessory building and use regulations” is amended to read as follows:

Subdivision 1. The uses permitted in this subsection are allowable accessory uses in the MR-2 District.

Subd.2: In addition to the general accessory building provisions of Subsection [509.09](#), the following rules apply to accessory buildings in the MR-2 District.

- a) The maximum height for accessory buildings shall be 15 feet;
- b) For non-garage accessory structures, height is measured from the ground level to the highest point of the roof. For garages, that measurement is taken on the side of the building with the vehicle door; and
- c) Accessory buildings, including garages:
 - i. shall not be located in the front or street side yard;
 - ii. must be set back 15 feet from the street side property line when in the rear yard;

BILL NO. 2025-XX

- iii. must be set back a minimum of 40 five (5) feet from any rear or interior side lot line, except that if a vehicle access door faces a rear or interior side lot line, such rear or interior side setback requirement shall be not less than 20 feet;
- iv. shall adhere to the same access requirements as for parking lots required by Subd.3.b, below.

Subd. 3. Open parking or garages as approved through Site Plan Review

a) Location of parking.

- i. Parking is not permitted in the front and street side yards.
- ii. Parking is permitted in interior side yards only if the width of the parking and access drive together does not exceed the width of the principal building or 60 feet, whichever is less.
- iii. Parking is permitted in rear yards and underground locations.
- iv. Individual stalls are permitted head-in off an alley.

b) Access to parking.

- i. If the parcel is adjacent to an alley, access shall be off the alley.
- ii. If the parcel is not adjacent to an alley but is a corner lot or a through lot, then driveway access shall be off the side street with the lower functional class as defined by the comprehensive plan. If both roadways are the same functional class, access may be off of either, subject to approval of the jurisdictional agency.
- iii. If the parcel is not adjacent to an alley nor a corner lot, driveway access may be from the street.
- iv. A driveway existing as of September 9, 2025 that does not meet the above lot access standards can continue in the same location until the property is redeveloped. Such driveway may be expanded if it is in conformance with the City Code.
- v. Shared access is highly encouraged but requires a written recorded agreement with the neighboring property owner.

c) Parking lot setbacks and screening.

BILL NO. 2025-XX

- i. Parking lots must be set back 15 feet from the street side property line and eight (8) feet from all other rights-of-way.
- ii. Parking lots must be set back five (5) feet from the side and rear property lines.
- iii. The perimeter planting requirements of 544.03, Subd.7 shall apply to parking stalls located in interior side yards.
- iv. All parking lots adjacent to Low-Density Residential (R), and Single-Family Residential (R-1), districts must be screened along the side and rear property lines with a four (4) foot-tall privacy fence, solid evergreen hedge, architecturally compatible opaque wall, or a combination of these, unless an alley is present, or the adjacent property owner provides a written waiver.

(Amended Bill No. 2025-)

Section 4 Subsection 525.07 "Conditional Uses" is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged, except for being renumbered accordingly:

525.07. - Conditional uses.

Subd. 2. Multifamily dwellings, multi-building developments and cluster home developments with 9 to 25 units more than 40 units (Amended Bill No. 2025-).

Subd. 3. ~~Cluster home developments provided that the following conditions are met:~~

- ~~a) The design of the development shall be in harmony with the surrounding neighborhood in terms of building materials, architectural design, scale and mass of the structure, or other similar urban design characteristics;~~
- ~~b) Two off-street parking spaces, at least one of which must be enclosed in a garage, shall be provided for each dwelling unit; (Added, Bill No. 2002-11,~~
- ~~c) The number and location of driveways and curb cuts shall minimize conflict with vehicular traffic and should not adversely impact adjacent land uses;~~

BILL NO. 2025-XX

d) ~~The density of the development shall not exceed the density recommended in the comprehensive plan. (Added, Bill No. 1996-22, Repealed Bill No. 2025-)~~

Section 5 Subsection 525.11 “Dimensional and parking regulations” is amended to read as follows:

~~Subsection 525.11. - Dimensional and parking regulations for multifamily structures (excluding cluster home developments). (Amended Bill No. 2025-).~~

Subdivision 1. The standards set out in this subsection apply in the MR-2 District.

Minimum lot size	15,000 sq. ft. <u>6,000 sq. ft.</u>
Minimum lot width	75 feet <u>50 feet</u>
Minimum floor area	a) Efficiency: 400 square feet per unit.
	b) One bedroom: 550 square feet per unit.
	c) Two bedroom: 750 square feet per unit.
	d) More than two bedrooms: add 150 square feet per bedroom to that required for a two bedroom dwelling unit.
Maximum building height	35 feet <u>3 stories or 36 feet, whichever is less</u>
Maximum lot coverage (principal structures)	30% <u>45%</u>
Outdoor Minimum Useable open space requirements ^{1,2}	a) Two or fewer bedrooms: 325 square feet minimum per dwelling unit.
	b) Three or more bedrooms: 425 square feet minimum per dwelling unit.
	c) Balconies and porches with at least 70 square feet and seven feet in width which are directly accessible by individual dwelling units may be counted as contributing 175 square feet to the outdoor open space requirements listed above.
	<u>10% of gross parcel area</u>
Minimum setbacks	a) Front: 30 feet. <u>15 feet</u>
	b) Side: <ul style="list-style-type: none"> i) Interior: the height of building or 20 feet, whichever is greater. <u>5 feet</u> ii) <u>Street Side: 15 feet</u> iii) <u>Adjacent to Park: 15 feet</u>
	c) Rear: the height of building or 25 feet, whichever is greater <u>20 feet</u>

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Maximum impervious surface coverage	70%
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¹ Unit-specific open spaces, such as balconies and porches, may not count for more than 50% of the overall usable open space requirement.

² Impervious surface coverages, such as rooftop amenities and patios, may not count for more than 25% of the usable open space requirement. Shared rooftop amenities that are a green roof may be exempt from this limit, subject to review and approval by the City Engineer and Sustainability Coordinator.

(Amended Bill No. 2025-)

Subd. 2. Minimum Parking for ~~multifamily structures (excluding cluster home developments).~~

a) A minimum of 1.25 off-street parking spaces shall be provided for each dwelling unit. The Council may reduce the parking requirement for senior housing complexes, or other similarly low-driving populations, including but not limited to, households earning below 60 percent AMI, people who are neuro-diverse, and/or people with disabilities. (Amended Bill No. 2024-08)

b) A minimum of half (0.5) an off-street parking stall shall be provided per unit for residential buildings that are 40 units or less and are located within one block* along either side of a High Frequency Transit Line.

*One (1) block refers to the distance to the next north-south street, or to the point where the next street would intersect if it were extended through (as depicted on the "Residential Parking Reduction Areas" map on file with the Community Development Department).

(Added Bill No. 2025-)

Section 6 Subsection 525.13 "Dimensional and parking regulations for cluster home developments" is repealed in its entirety:

~~Subsection 525.13 - Dimensional and parking regulations for cluster home developments. (Repealed Bill No. 2025-)~~

~~Subdivision 1. The standards set out in this subsection apply to cluster home developments in the MR-2 District~~

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Minimum lot area	a) Three-unit structure in area not designated as "High Density Single-Family Residential" in the city's comprehensive plan: 3,500 square feet per unit.
	b) Four-unit structure in area not designated as "High Density Single-Family Residential" in the city's comprehensive plan: 3,000 square feet per unit.
	c) Three- or four-unit structure in area designated as "High Density Single-Family Residential" in the city's comprehensive plan: 2,900 square feet per unit.
	d) Five or more unit structure: 2,500 square feet per unit. (Amended, Bill No. 2002-11)
Minimum lot width	60 feet.
Minimum floor area	a) One bedroom: 650 square feet per unit.
	b) Two bedroom: 850 square feet per unit.
	c) Three or more bedrooms: 1,000 square feet per unit.
Maximum building height	35 feet.
Maximum lot coverage	35 percent.
Outdoor open space requirements	a) Two or fewer bedrooms: 325 square feet minimum per dwelling unit.
	b) Three or more bedrooms: 425 square feet minimum per dwelling unit.

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	<p>c) Balconies, porches and decks with at least 70 square feet in area and six feet in width which are directly accessible by individual dwelling units may be counted as contributing 70 square feet to the outdoor open space requirements listed above</p>
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Subd. 2. Setback requirements for cluster home developments (in feet):

Use	Front	Rear	Interior Side	Street Side
Cluster home developments in R-SFH guided area (but see Subd. 3)	10	25	10	15
Cluster home developments in non-R-SFH guided area. (but see Subd. 3)	30	25	20	30

Subd. 3. Setback reductions. the setback requirements for cluster home developments may be reduced to 25 feet in the front, 5 feet for the side interior and 12 feet in the rear if the following criteria are met:

- a) The applicant can demonstrate that a superior design is achieved through the reduced setback. Evidence of a superior design may include but is not limited to the preservation of a natural feature, creation of an amenity, creation of public open space, or incorporation of special features to meet the needs of the target population;
- b) The reduced setback does not adversely affect the surrounding neighborhood in terms of a decrease in privacy, noise, overcrowding, or other similar impacts;

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c) The impact of the reduced setback is minimized through the presence of features such as landscaping or other means of buffering, a limited number of building openings in the portion of the structure that infringes upon the setback, building orientation, minimized garage door dominance, or other similar features.

Subd. 4. Minimum parking for cluster home developments. Two off-street parking spaces, at least one of which shall be in a garage, shall be provided for each dwelling unit. The Council, at its discretion, may reduce the minimum required parking to not less than 1.5 parking spaces per unit after consideration of factors including but not limited to the present or future availability of transit services, shared parking, pedestrian orientation, and occupancy characteristics. In addition, the Council may further reduce the parking requirement for projects designed to serve seniors. (Amended, Bill No. 1996-22)

Section 7 Subsection 525.17 "Additional Regulations" is amended at to read as follows:

525.17. – Additional regulations.

Subdivision 1. [Generally.] Developments shall be constructed and maintained in accordance with the standards set out in this subsection.

Subd. 2. Limit to number of efficiency units. No more than 20 percent of the dwelling units in any one building shall be efficiency dwelling units. Sidewalks are required along all sides of a lot that abut a public street, design subject to Subsection 500.21, Subd.6.

Subd. 3. Performance standards of Section 544. Developments shall be constructed and maintained in accordance with the applicable performance standards set out in Section 544 of this Code, unless they conflict with the standards in this section, then this section shall prevail.

Subd. 4. Design or overlay districts. All property located within a design district or corridor overlay district shall be subject to such district's additional requirements and/or modifications. When in conflict herewith, the overlay district shall prevail. (Amended Bill No. 2025-)

Section 8 This ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

VOTING AYE

VOTING NAY

BILL NO. 2025-XX

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Adopted by the City Council of the City of Richfield, Minnesota this _th day of September, 2025.

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

BILL NO. 2025-XX

Motion by: XX
Seconded by: XX

**AN ORDINANCE AMENDING THE RICHFIELD
ZONING CODE (APPENDIX B OF THE MUNICIPAL CODE)
TO MODIFY THE “HIGH-DENSITY RESIDENTIAL (MR-3)”
ZONING DISTRICT, SECTION 527**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1 Subsection 527.01 “Purposes” is amended at to read as follows:

527.01. – Purposes.

~~The purposes of the MR-3 District regulations are to reserve appropriately located areas for family living in a variety of types of dwellings at a reasonable range of population densities; preserve as many as possible of the desirable characteristics of the single-family district, while permitting higher population densities; provide space for semi-public facilities needed to complement urban residential areas and space for institutions that require a residential environment; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size in relation to the surrounding infrastructure; and to provide multifamily residential areas that are safe and attractive.~~

The purpose of the MR-3 District is to provide for multifamily development that is diverse and attractive, and to facilitate context-sensitive infill and redevelopment, by allowing a variety of buildings with multiple units. Characteristics of such buildings include primary entrances and windows facing onto the street, with secondary windows facing to the side and adjoining properties, human scaled architectural elements, and green space that allows for tree canopy, water filtration, and relaxation. Examples of such building types include multiplexes, townhomes, courtyard apartments, rowhomes, mid-rise apartments and multi-building developments. The district is not intended to allow slot homes.
(Amended Bill No. 2025-)

Section 2 Subsection 527.03 “Permitted Uses” is amended at to read as follows:

527.03. - Permitted uses.

Subdivision 1. The uses listed in this subsection are permitted uses in the MR-3 District.

Subd. 2. Multifamily dwellings and multi-building developments with 20 32 or fewer units, with administrative site plan approval; and between 33 and 100 units with full site plan approval. (Amended Bill No 2025-)

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Subd. 3. State-licensed day care facility serving 14 or fewer children. Care facilities located within the MR-3 District shall be subject to the same zoning regulations as multifamily dwellings in the MR-3 District except that one nonresident employee shall be permitted in accordance with State requirements. (Amended, Bill No. 2016-3)

Subd. 4. State-licensed residential care facilities serving up to six (6) persons or a housing with services establishment registered under M.S. 144D serving up to six (6) persons. Care facilities located in the MR-3 District shall be subject to the same zoning regulations as multifamily dwellings in the MR-3 District.

Section 3 Subsection 527.05 "Accessory building and use regulations" is amended to read as follows:

Subdivision 1. The uses permitted in this subsection are allowable accessory uses in the MR-3 District.

Subd.2: In addition to the general accessory building provisions of Subsection 509.09, the following rules apply to accessory buildings in the MR-3 District:

- a) The maximum height for accessory buildings shall be 15 feet;
- b) For non-garage accessory structures, height is measured from the ground level to the highest point of the roof. For garages, that measurement is taken on the side of the building with the vehicle door; and
- c) Accessory buildings, including garages:
 - i. shall not be located in the front or street side yard;
 - ii. must be set back 15 feet from the street side property line when in the rear yard;
 - iii. must be set back a minimum of 40 five (5) feet from any rear or interior side lot line, except that if a vehicle access door faces a rear or interior side lot line, such rear or interior side setback requirement shall be not less than 20 feet; and
 - iv. shall adhere to the same access requirements as for parking lots required by Subd.3.b, below.

Subd. 3. Open parking ~~or~~ garages as approved through Site Plan Review

- a) Location of parking.
 - i. Parking is not permitted in the front and street side yards.

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- ii. Parking is permitted in interior side yards only if the width of the parking and access drive together does not exceed the width of the principal building or 60 feet, whichever is less.
 - iii. Parking is permitted in rear yards and underground locations.
 - iv. Individual stalls are permitted head-in off an alley.
- b) Access to parking.
- i. If the parcel is adjacent to an alley, access shall be off the alley.
 - ii. If the parcel is not adjacent to an alley, but is a corner lot or a through lot, then driveway access shall be off the side street with the lower functional class as defined by the comprehensive plan. If both roadways are the same functional class, access may be off of either, subject to approval of the jurisdictional agency.
 - iii. If the parcel is not adjacent to an alley nor a corner lot, driveway access may be from the street.
 - iv. A driveway existing as of September 9, 2025 that does not meet the above lot access standards can continue in the same location until the property is redeveloped. Such driveway may be expanded if it is in conformance with the City Code.
 - v. Shared access is highly encouraged but requires a written recorded agreement with the neighboring property owner.
- c) Parking lot setbacks and screening.
- i. Parking lots must be set back 15 feet from the street side property line and eight (8) feet from all other rights-of-way.
 - ii. Parking lots must be set back five (5) feet from the side and rear property lines.
 - iii. The perimeter planting requirements of 544.03, Subd. 7 shall apply to parking stalls located in interior side yards.
 - iv. All parking lots adjacent to Low-Density Residential, (R) and Single-Family Residential (R-1), Districts must be screened along the side and rear property lines with a four (4) foot-tall privacy fence, solid evergreen hedge, architecturally compatible opaque wall, or a combination of these, unless an alley is present, or the adjacent property owner provides a written waiver.

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(Amended Bill No. 2025-)

Section 4 Subsection 527.07 “Conditional Uses” is amended at to read as follows:

527.07. - Conditional uses.

Subdivision 1. The uses listed in this subsection are conditional uses in the MR-3 District, and are subject to the conditional use permit provisions outlined in Section 547.09 of this Code.

Subd. 2. Multifamily dwellings and multi-building developments with more than 20 100 units. (Amended Bill No 2025-)

Subd. 3 thru 12: unchanged.

Section 5 Subsection 527.11 Dimensional and parking regulations” is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged, except for being renumbered accordingly:

527.11. - Dimensional and parking regulations ~~for multiple-family structures.~~
(Amended Bill No 2025-)

Subdivision 1. The standards set out in this subsection apply in the MR-3 District.

Minimum lot size	60,000 sq. ft. <u>6,000 sq. ft.</u>
Minimum lot width	150 feet <u>50 feet</u>
Minimum floor area	a) Efficiency: 400 square feet per unit.
	b) One bedroom: 550 square feet per unit.
	c) Two bedroom: 750 square feet per unit.
	d) More than two bedrooms: add 150 square feet per bedroom to that required for a two bedroom dwelling unit.
Maximum building height	a) 50 feet <u>5 stories, or 60 feet, whichever is less.</u>
	b) Proximity to Transit Stations: Buildings within one (1) block of either side of a High Frequency Transit Line* or within the Expanded Lyndale & 66th Area may extend up to six (6) stories or 72 feet, whichever is less.

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	<p>c) <u>When more than four (4) stories: Floors above the third floor shall be stepped back a minimum of 15 feet when adjacent to public streets and public land.</u></p> <p>d) <u>Transition Zones: Where a high-density residential zone abuts the south side of a Low Density Residential District (R or R-1), the height of buildings within 50 feet of the boundary shall not exceed three (3) stories or 36 feet, whichever is less, in order to maintain a gradual transition.</u></p>
Maximum lot coverage (principal structures)	30% <u>55%</u>
Outdoor Minimum useable open space requirements ^{1,2}	<p>a) Two or fewer bedrooms: 325 square feet minimum per dwelling unit.</p> <p>b) Three or more bedrooms: 425 square feet minimum per dwelling unit.</p> <p>c) Balconies and porches with at least 70 square feet and seven feet in width which are directly accessible by individual dwelling units may be counted as contributing 175 square feet to the outdoor open space requirements listed above.</p> <p><u>15% of gross parcel area</u></p>
Minimum setbacks	<p>a) Front: 30 feet. 15 feet</p> <p>b) Side:</p> <p>i) Interior: the height of building or 20 feet, whichever is greater. 8 feet</p> <p>ii) <u>Street Side: 15 feet.</u></p> <p>iii) <u>Adjacent to a park: 15 feet.</u></p> <p>c) Rear: the height of building or 25 feet, whichever is greater 20 feet</p>
Maximum impervious surface coverage	<u>75%</u>

* One (1) block refers to the distance to the next north-south street, or to the point where the next street would intersect if it were extended through (as depicted on the "Residential Parking Reduction Areas" map on file with the Community Development Department).

¹ Unit-specific open spaces, such as balconies and porches, may not count for more than 50% of the overall usable open space requirement.

² Impervious surface coverages, such as rooftop amenities and patios, may not count for more than 25% of the usable open space requirement. Shared rooftop

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amenities that are a green roof may be exempt from this limit, subject to review and approval by the City Engineer and Sustainability Coordinator.

(Amended Bill No. 2025-)

Subd. 2. Minimum parking.

a. A minimum of 1.25 off-street parking spaces shall be provided for each dwelling unit. The Council may reduce the parking requirement for senior housing complexes or other similarly low-driving populations, including but not limited to, households earning below 60 percent AMI, people who are neuro-diverse, and/or people with disabilities. (Amended, Bill No. 2011-19; & Bill No. 2024-08, & Bill No. 2024-12)

b. A minimum of half (0.5) an off-street parking stall shall be provided per unit for residential buildings that are 40 units or less and are located within one block* along either side of a High Frequency Transit Line.

* One (1) block refers to the distance to the next north-south street, or to the point where the next street would intersect if it were extended through (as depicted on the "Residential Parking Reduction Areas" map on file with the Community Development Department).

(Added Bill No. 2025-)

Section 6 Subsection 527.15 "Additional Regulations" is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged, except for being renumbered accordingly:

527.15. - Additional regulations.

Subdivision 1. [Generally.] Developments shall be constructed and maintained in accordance with the standards set out in this subsection.

~~Subd. 2. Limit to number of efficiency units. No more than 25 percent of the dwelling units in any one (1) building shall be efficiency dwelling units. Sidewalks are required along all sides of a lot that abut a public street, design subject to Subsection 500.21, Subd.6.~~

Subd. 3. Performance standards of Section 544. Developments shall be constructed and maintained in accordance with the applicable performance standards set out in Section 544 of this Code, unless they conflict with the standards in this section, then this section shall prevail.

Subd. 4. Design or overlay districts. All property located within a design district or corridor overlay district shall be subject to such district's additional requirements

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and/or modifications. When in conflict herewith, the overlay district shall prevail.
(Amended Bill No 2025-__)

Section 7 This ordinance is effective in accordance with Section 3.09 of Richfield City Charter.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Adopted by the City Council of the City of Richfield, Minnesota this __th day of September, 2025.

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

BILL NO. 2025-XX

Motion by: XX
Seconded by: XX

**AN ORDINANCE AMENDING THE RICHFIELD
ZONING CODE (APPENDIX B OF THE MUNICIPAL CODE)
TO MODIFY SUBSECTION 541.25
“VETERANS PARK AREA (VPA) OVERLAY DISTRICT”
WITH CHANGES RELATED TO MR-2/MR-3 ZONING CODE UPDATES**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1 Subsection 541.25. - Veterans Park Area (VPA) Overlay District is amended at the following subsections to read as follows:

Subdivision 1 thru 3: unchanged.

Subd. 4. Bulk and dimensional standards. All bulk and dimensional standards applicable in the underlying districts, ~~as found in Subsections 525.11 (MR-2), 527.11 (MR-3), and 534.11 (C-2) of this Code,~~ shall apply in the VPA Overlay District with the following additions, qualifications, and/or exceptions:

a) MR-2 in the VPA Overlay District:

- Front yard setback: The minimum front yard setback shall be 10 feet and the maximum shall be 25 feet ~~along~~.
- ~~Parking shall be located in the rear and/or side yards of the building.~~

b) MR-3 in the VPA Overlay District:

- Building height: The principal building heights shall be a minimum of 20 feet and up to a maximum of 55 feet or five (5) stories, whichever is less.
 - Building heights shall be measured from the building footprint's average ground level elevation.
 - Floors above the third floor shall be stepped back a minimum of 15 feet when adjacent to public streets and public land. Step backs may be adjusted depending on specific site conditions and building placements, subject to approval by the Council.
- Maximum building coverage: 40 percent.

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- Setbacks:

Front:	The minimum setback shall be 15 feet, and the maximum shall be 25 feet.
Side ¹ :	<p><u>Interior: The minimum setback shall be the height of the building or 30 feet, whichever is greater.</u></p> <p><u>Street: The minimum setback shall be 40 feet.</u></p>
Rear ¹ :	<u>The minimum setback shall be the height of the building or 35 feet, whichever is greater.</u>

1. *When adjacent to Veterans Memorial Park, the required rear and side yard setbacks shall prioritize greenspace and landscaping as a transition/buffer to the Park.*

(Amended Bill No 2025-)

c) C-2 in the VPA Overlay District:

- Front yard setback: The minimum front yard setback shall be 15 feet and the maximum shall be 25 feet.
- Rear and side yard setbacks: When adjacent to Veterans Memorial Park, the required rear and side yard setbacks shall prioritize greenspace and landscaping as a transition/buffer to the Park.
- Parking shall be located in the rear and/or side yards of the building.

Subdivision 5 unchanged.

Section 2 This ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

BILL NO. 2025-XX

Adopted by the City Council of the City of Richfield, Minnesota this __th day of September, 2025.

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

BILL NO. 2025-XX

Motion by: XX
Seconded by: XX

**AN ORDINANCE AMENDING THE RICHFIELD
 ZONING CODE - APPENDIX B OF THE MUNICIPAL CODE
 TO MODIFY “GENERAL BUILDING AND PERFORMANCE STANDARDS”,
 SECTION 544, WITH CHANGES RELATED TO THE MR-2/MR-3 CODE UPDATES**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1 Subsection 544.03. “Landscaping and screening requirements” is amended to read as follows:

544.03. - Landscaping and screening requirements.

Subdivision 1 thru 4: unchanged

Subd. 5. Residential sites. Residential sites shall be landscaped to improve the livability, beauty and value of housing; to screen and mitigate views of large parking areas; to reduce the effect of traffic noise; to provide shade; and to help protect water quality.

a) Quantities. These requirements are in addition to any plantings in the public street right-of-way whether installed by the land developer or the City.

	Single- and Two-Family Dwellings	Multiple-Family Dwelling	
Overstory deciduous trees	1 per dwelling unit	3 to 6 units: 1 tree per dwelling unit	More than 6 units: 0.5 trees per dwelling unit.
Coniferous trees	May be substituted on a one-for-one basis for the overstory deciduous trees.		
Ornamental deciduous trees	1 per dwelling unit	None required.	May be substituted on a 1.5-for-one basis for a max of 25% of the overstories planted on site.
Understory shrubs	Foundation plantings are required in all areas visible from the public street.	Foundation plantings are required in all areas visible areas from the <u>public right-of-way</u> .	

(Amended Bill No. 2025-)

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- b) Commercial edges. The density and initial size of plantings shall be increased along nonresidential edges and may be combined with berms, walls and fences to achieve the objective of protecting the values, quietude and privacy of the housing. Landscaping on the adjacent nonresidential property may not be substituted for plantings on the residential property.
(Amended Bill No. 2023-1)

Subdivision 6: unchanged

Section 2 Subsection 544.05. "Screening of refuse collection and utilitarian items" is revised at the following subsections to read as follows; all other subsections to remain unchanged:

544.05. - Screening of refuse collection and utilitarian items.

Refuse collection, recycling and utilitarian elements shall be designed into the interior space of buildings, except for residential structures up to eight (8) units. Buildings of nine (9) to 12 units are also exempt from the internal storage requirement, but exterior storage must be screened by an enclosure. (Amended Bill No. 2025-)

All delivery and loading operations, HVAC equipment, and other utility and service function shall be grouped and arranged away from the public right-of-way and fully screened from ground level observation at any point on the property, adjacent property, or from adjacent right-of-way. Plans for screening enclosures must be shown on construction plans.

- a) Materials. Required screening may be achieved with fences, walls, earth berms, hedges, two (2) staggered rows of coniferous trees, a dense deciduous hedge, or other landscape materials. Earth berms shall not exceed a slope of 3:1 unless specially treated and approved. All walls and fences shall be architecturally harmonious with the principal building. The use of wood, in whole or in part, as a screening material for roof-top equipment shall not be considered as being architecturally compatible unless the building is constructed with a wood exterior. In cases where roof-top equipment may be visible from above, the Director will determine if the equipment must be painted to match the roof.
- b) Locations. All required screening or buffering shall be located on the lot occupied by the use, building, facility, or structure to be screened. No screening shall be located on any public right-of-way or within eight (8) feet of the traveled portion of any street or highway.
- c) Site improvements or redevelopment consisting of less than a 100 percent increase in gross floor area where the above requirements are impossible

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to meet based on site constraints as judged by the Director shall conform to the following requirements:

i. All residential structures with more than ~~three (3)~~ eight (8) units and all commercial, industrial, and institutional uses shall provide a screening enclosure for required dumpsters. Such enclosures shall be high enough to completely screen the dumpster from all property lines; (Amended, Bill No. 2014-4 & Bill No 2025-__)

ii – v: no change.

Section 3 Subsection 544.07. “Architectural standards” is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged, except for being renumbered accordingly:

544.07. - Architectural standards.

Subdivision 1: unchanged

Subd. 2. Building orientation. Buildings shall be oriented so that at least one (1) principal entrance faces the public street ~~rather than the interior of the site. On corner lots where the intersecting streets have different classifications, the~~ principal entrance shall face the street with the higher classification. Building entrances shall:

- a) Be architecturally emphasized and highly visible from the street; and
- b) Utilize design features that protect pedestrians from the rain and sun, such as awnings, canopies, or porticos;

See also Section 509.07, Subd.5 (Amended Bill No. 2025-__)

Subd. 3. Exterior Materials. The ~~main~~ exterior wall surfaces of all non-residential structures shall be constructed of wood, brick, stone, cementitious planks (e.g., Hardiplank®), glass, architectural concrete textured surfaces or other materials of high quality as approved by the Director.

The exterior wall surface for all residential structures shall be constructed of wood, brick, stone, cementitious planks (e.g., Hardiplank®), glass or other materials of high quality as approved by the Director. Finished metals shall be used only above the ground floor and shall not exceed 40 percent of any exterior wall surface and may not have a metallic finish.

For both residential and non-residential structures, ~~un~~adorned pre-stressed concrete panels, standard concrete block and unfinished metal, except naturally weathering metals such as copper, shall not be permitted as exterior materials

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for buildings. This restriction shall apply to all principal structures and to all accessory buildings, including parking ramps, except those accessory buildings not visible from any exterior lot line. (Amended Bill No. 2025-)

Subdivision 4: unchanged

Subd. 5. Window Treatment.

- a) Windows or simulated windows for both residential and non-residential structures shall at a minimum be used on the ground level of any wall parallel to or nearly parallel to a street. The use of bars, chains or similar security devices that are visible from a public street or sidewalk shall be prohibited. (Amended Bill No. 2025-)
- b) Window requirements for residential structures shall include:
 - i. Each building wall that faces a public street, public sidewalk or public pathway, must be comprised of no less than 30 percent windows on the first floor and no less than 20 percent windows on each floor above the first floor.
 - ii. Each building wall that faces any other direction must be comprised of no less than 15 percent windows on each floor.
 - iii. False windows are prohibited.

Residential window requirements are not intended to require custom window sizes or to increase building setbacks to comply with building code. They are intended to apply in cases when the first floor is used for interior parking. (Amended Bill No. 2025-)

Subdivision 6 thru 8: unchanged

Subd. 9. Color. No residential structure may display more than ten (10) percent of any elevation surface in bright, high intensity or pure tone primary or secondary colors. No fluorescent or neon colors shall be used on any exterior elevation surface. City-approved murals are exempt from this limitation. (Added Bill No. 2025-)

Subd. 10. Blank Walls. Residential building elevations shall consistently incorporate elements that relate to the human scale. No wall shall be uninterrupted for more than 25 feet in length as calculated per floor. Interruptions may include doors and windows, projections, recessions, awnings and canopies, decorative ornamentation or other architectural elements. This requirement may also be addressed through art installation or living walls, subject to approval by the Director. (Added Bill No. 2025-)

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Subd. 11. Building Mass. No residential building wall shall exceed 200 feet in length. Every residential building wall length that exceeds the height of the building shall incorporate full height offsets spaced at intervals equal to or less than the building height. The offset shall be a minimum of one (1) foot in depth and width per story of building height. An offset can be a projection or recess. Building walls under 36 feet in length are exempt from this standard. (Added Bill No. 2025-)

Section 4 Subsection 544.09. "Exterior lighting" is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged:

Subdivision 1. Except decorative fixtures per Subd. 4, 8 and 11, all lighting shall be downcast. All lighting shall be designed and arranged to restrict direct illumination and glare onto abutting parcels.

Subdivisions 2 thru 3: unchanged

Subd. 4. Direct off-site views of the light source shall not be permitted except for globe and/or ornamental light fixtures. Globe and ornamental fixtures shall only be used if the developer can demonstrate that off-site impacts stemming from direct views of the bulb are mitigated by the fixture design and/or location.

Subd. 5 and 6: unchanged

Subd. 7. Poles in non-residential parking lots shall have a maximum height of 24 feet measured from finished grade. Poles in residential parking lots shall have a maximum height of 12 feet measured from finished grade. (Amended Bill No. 2025-)

Subd. 8. Lighting fixtures mounted directly on structures shall be permitted when utilized to enhance specific architectural elements or to help establish scale or provide visual interest, except as otherwise noted in Subdivisions 9 and 10. (Amended, Bill 2009-1)

Subd. 9. "Wall paks" shall be permitted only in loading and service areas and shall be down-lit. (Amended, Bill 2009-1)

Subd. 10. Shielded illuminators or fixtures shall be permitted to light building mounted signage, building facades, or pedestrian arcades if they are integrated into a building's architectural design.

Subd. 11. Lighting should highlight entrances, art, terraces and special landscape features.

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Subd. 12. If installed, exterior lighting shall meet the functional needs of the use, without adversely affecting adjacent properties, neighborhoods or public uses, as determined by the City. Specific requirements are listed below; however, the City reserves the right to adjust these requirements based on concerns regarding safety, security and/or impacts on surrounding properties. Illumination measurements shall be taken by positioning the meter horizontally at ground level. (Amended, Bill 2009-1)

Open-air parking lots (including the roof level of multi-level parking structures):

Minimum: 0.2 fc

Maximum: 4.0 fc

Minimum uniformity ratio: 20:1

Primary building entrances/exits:

Multifamily Residential:

Minimum: 5.0 fc within five (5) feet of the entrance/exit

Maximum: Eight (8) foot-candles within five (5) feet of the entrance/exit. (Amended Bill No. 2025-)

Commercial/Industrial:

Minimum: 10.0 fc within five (5) feet of the entrance/exit

Subd. 13. Site lighting should provide consistent levels of illumination, avoiding pockets of very high or low levels of illumination.

Subd. 14. All residential fixtures:

a. Must be dark sky complaint, except decorative fixtures per Subd. 4, 8 and 11, above; and

b. Must not exceed 3,000 Kelvin.
(Added Bill No. 2025-)

Section 5 Subsection 544.13. "Vehicle parking and loading requirements" is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged:

Subsection 544.13. - Vehicle parking and loading requirements.

BILL NO. 2025-XX

Subdivisions 1 thru 4: unchanged

Subd. 5. Parking Lot Setbacks. Unless otherwise noted elsewhere, parking lots shall be set back in accordance with the following: (Amended, Bill No. 2011-19)

- a) Parking lots must be set back eight (8) feet from the right-of-way,
- b) Parking lots must be set back five (5) feet from adjacent commercial, multifamily residential and mixed use property. (Amended, Bill No. 2011-13; 2011-19)
- c) Parking lots must be set back 15 feet from adjacent single-family and two-family residential property with appropriate screening as required by Subsection 544.03 Subd. 5 for residential sites or Subd. 6 for commercial. (Amended, Bill No. 2011-19)

Subd. 6. Number of off-street spaces required. Off-street parking spaces shall be provided according to the following minimum standards. Parking for land uses not listed below shall be regulated according to the most similar use and/or authoritative sources as determined by the City Planner.

No changes to the minimum number of off-street parking spaces required for commercial uses.

RESIDENTIAL USES	
Single and Two Family	For R "Low Density Residential" zones, see Section 514.15, Subd.4 For R-1 "Single Family Residential" zones, see Section 518.15, Subd.3
Multifamily Dwelling ¹	1.25 per unit.
Group home (state licensed residential facility)	2 per 5 beds offered for residence purposes.
Nursing or convalescent home	5 plus one (1) per 5 beds offered for residence purposes.
<u>Expanded 66th/Lyndale Area</u>	<u>A minimum of 0.5 off-street parking stalls shall be provided for the first 40 units in a residential building.</u>

1. Adjacent on-street parking may be counted toward the parking requirements for triplex and fourplex residential uses if the following conditions are met:
 - a) The roadway width, measured from back of curb to back of curb, is at least 36 feet;
 - b) The site includes sufficient driveway space to accommodate the full parking requirement on-site during snow events (e.g., tandem parking in driveways); and,

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- c) The applicant agrees to notify future residents, through lease or sale agreements, of snow emergency requirements mandating off-street vehicle relocation prior to occupancy.

(Amended Bill No. 2025-)

No changes to the minimum number of off-street parking spaces required for Institutional/Public uses.

Subdivision 7 “Electric vehicle charger requirements” is revised as follows:

a) thru c) unchanged.

d) Minimum number of electric vehicle chargers required by land use are as follows:

USE	INSTALLED EV CHARGING STATIONS*	EV-READY SPACES*	ADDITIONAL REQUIREMENTS
Residential uses with up to 3 <u>six (6)</u> parking spaces	At least one (1) space shall support L1 charging.		
Residential uses with 4 seven (7) <u>to 14 units 20</u> parking spaces	Ten (10) percent of parking spaces shall support L1 charging.	Two (2) spaces capable of L2 or L3 charging. A minimum of 50 percent of remaining spaces capable of L1 charging.	
Residential uses with <u>21</u> 15 units or more parking spaces	Ten (10) percent of parking spaces shall support L2 charging.	Twenty (20) percent of spaces capable of L2 or L3 charging. A minimum of 50 percent of remaining spaces capable of L1 charging.	At least one ADA parking space shall have access to an installed EV charger.
Non-residential uses with up to 20 spaces	One (1) space shall support L2 or L3 charging	Ten (10) percent of spaces capable of L2 or L3 charging.	

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USE	INSTALLED EV CHARGING STATIONS*	EV-READY SPACES*	ADDITIONAL REQUIREMENTS
Non-residential uses with 21 or more off-street parking spaces	Five (5) percent of parking spaces shall support L2 or L3 charging.	Twenty (20) percent of spaces capable of L2 charging. At least one (1) space capable of L3 charging.	At least one ADA parking space shall have access to an EV charger.

*If calculation results in a fraction, ~~the next higher whole number shall be used,~~traditional rounding applies, unless the result is zero (0), then at least one (1) is required.

e) ~~This~~ese numbers may be reduced by the Director if proof can be provided that such spaces will not be used.

(Added, Bill No. 2022-3; Amended, Bill No. 2022-14, (Amended Bill No. 2025-__))

Subdivisions 8 thru 14: unchanged

Section 6 Subsection 544.23. "Solar access protection" is revised to read as follows:

No building shall be so tall that its shadow is cast across more than 50 percent of land ~~used~~ guided for a single-family or two-family building between the hours of 9:00 a.m. and 3:00 p.m. on any day of the year. The Council may make exceptions to this requirement if the applicant can prove to the Council's satisfaction that measures have been taken to mitigate this solar access requirement, which measures may include but are not limited to obtaining the consent of the affected property owner(s).

Section 7 This ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Adopted by the City Council of the City of Richfield, Minnesota this __th day of September, 2025.

BILL NO. 2025-XX

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

BILL NO. 2025-XX

Motion by: XX
Seconded by: XX

**AN ORDINANCE AMENDING THE RICHFIELD
ZONING CODE (APPENDIX B OF THE MUNICIPAL CODE)
TO MODIFY “ADMINISTRATION”, SECTION 547,
TO ALLOW ADMINISTRATIVE APPROVALS ASSOCIATED
WITH CHANGES RELATED TO THE MR-2/MR-3 CODE UPDATES**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1 Subsection 547.11 “Variances” is amended at to read as follows:

547.11. – Variances.

Subdivision 1. Limitations. The following limitations apply to variances:

- a) A variance may be granted from the literal provisions of this Code only when all of the following criteria are found to exist:
 - i. The applicant establishes that there are practical difficulties in complying with the official control. "Practical difficulties," as used in connection with the granting of a variance, means that the property owner proposes to use the property in a reasonable manner not permitted by an official control. Economic considerations alone do not constitute practical difficulties. Practical difficulties include, but are not limited to, inadequate access to direct sunlight for solar energy systems;
 - ii. Unusual or unique circumstances apply to the property which do not apply generally to other properties in the same zone or vicinity, and such circumstances were not created by any persons presently having an interest in the property;
 - iii. The variance, if granted, would not alter the character of the neighborhood. The completed project would not impair an adequate supply of light and air to adjacent properties, or substantially increase the congestion of public streets, or increase the danger of fire, or endanger the public safety, or substantially diminish property values, or have a detrimental or injurious impact on surrounding properties; and

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- iv. The variance requested is the minimum variance that would alleviate the practical difficulty.
 - v. The variance requested will not alter the essential character of the locality.
 - vi. The variance requested is in harmony with the general purpose and intent of the ordinance and consistent with the comprehensive plan.
- b) Variances may not be granted for uses that are not allowed in the zoning district where the subject property is located.
- c) Conditions may be imposed in the granting of variances. Such conditions must be directly related to and must bear a rough proportionality to the impact created by the variances.
- d) The Director may administratively approve a deviation of up to ten percent (10%) from any dimensional standard without requiring a variance, provided that:
- i. The deviation arises from a unique or practical difficulty that prevents full compliance with the standard;
 - ii. The deviation does not compromise the intent or purpose of the zoning regulation, and is found to be in harmony with the criteria listed above.

(Amended Bill No. 2025-)

Section 2 Subsection 547.13 "Site Plan Approval" is revised at the following subdivisions to read as follows; all other subdivisions to remain unchanged:

547.13. – Site plan approval.

Subdivision 1: unchanged

Subd. 2. Approval required. It shall be unlawful to do any of the following without first obtaining site plan approval:

- a) Construct a building;
- b) Move a building to any lot within the City;

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c) Expand or change the use of a building or lot or modify a building, accessory structure, or site or land feature (See Subd.11 for amendments to previously approved plans); and (Amended, Bill No. 2011-17)

d) Take actions to prepare a lot for development, including grading or removing or adding soils to a site, except in conformance with a permit or an approved plan which complies with the City's comprehensive surface water management plan or has received a variance from the appropriate water management organization as necessary. (Amended, Bill No. 1998-2)

Subd. 3. Administrative site plan approval. Administrative approval of a site plan may be granted by the Director for certain uses listed in this code, subject to the following:

a) The application requirements (Subd. 4), general criteria and standards (Subd. 8), and the terms of approval (Subd. 9) shall all apply. The Director may impose conditions upon the approval to promote the intent of the code, protect adjacent properties, or to bring nonconforming site improvements into conformance according to Subsection 509.25 of the code.

b) Notifications for Administratively Approved Residential Projects.

i. Timing of Notice. The building permit holder shall provide written notice at least 15 business days prior to the start of demolition, or the start of construction if the site is already vacant.

ii. Recipients of Notice. Notification must be mailed to all property owners and tenants within 300 feet of the perimeter of the project site.

iii. Content of Notice: The written notice shall include a brief description of the proposed demolition and construction activities, the name and contact information of the building permit holder, the project site address, and a City contact number for questions.

iv. Review of Notice. The notice must be submitted to City staff for review and approval prior to distribution.

(Repealed, Bill No. 2011-17, Replaced Bill No. 2025-__)

Section 3 This ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

VOTING AYE

VOTING NAY

BILL NO. 2025-XX

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Adopted by the City Council of the City of Richfield, Minnesota this ___th day of September, 2025.

ATTEST:

Mary B. Supple, Mayor

Michelle Friedrich, City Clerk

BILL NO. 2025-XX

Motion by: XX
Seconded by: XX

**AN ORDINANCE AMENDING THE RICHFIELD
MUNICIPAL CODE, CHAPTER 13
“TRAFFIC, MOTOR VEHICLES, AND OTHER VEHICLES”
TO REPEAL RESIDENTIAL PARKING PERMITS**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1 Subsection 1310 “Parking: Residential permits” is repealed in its entirety:

SECTION 1310. - PARKING: RESIDENTIAL PERMITS (Repealed Bill No. 2025-
__)

~~1310.01. – Findings: purposes.~~

~~The Council finds that streets in certain residential areas are congested because of heavy residential and non-residential traffic and parking. It is the purpose of this subsection to stem the flow of commuter traffic from institutional, commercial and industrial districts into an adjoining residential neighborhood; to reduce air pollution and other environmental effects of automobile commuting, and to enhance the quality of life in the residential area by reducing noise, traffic hazards and litter; to protect the residents from unreasonable burdens in gaining access to their residences; to preserve the character of the residential district as such; to promote efficiency in the maintenance of these streets in a clean and safe condition; to preserve the value of property; to preserve the safety of children and other pedestrians and traffic safety, and to promote the peace, good order, comfort, convenience and welfare of the inhabitants of the City. The provisions of this subsection, providing for parking by permit only, are deemed to be in furtherance of such objectives.~~

~~1310.03. – Zone designation.~~

~~The Council shall from time to time by resolution designate certain streets as “parking by permit only” parking zones, and cause them to be so posted. Thereafter, no person in charge of any vehicle shall park or permit the vehicle to be parked on posted streets unless the vehicle bears a permit as provided in this subsection.~~

~~1310.05. – Permits.~~

~~Subdivision 1. Types. The City shall cause the following types of permits to be available at the offices of the Director of Public Safety:~~

- ~~(a) resident permits for residents living on streets designated pursuant to subsection 1310.03, one (1) for each car, owned or leased, currently licensed and in operating condition and current use.~~
- ~~(b) visitor permits for each resident household: the number of visitor permits which a resident household may obtain is determined from time to time by resolution of the Council.~~

BILL NO. 2025-XX

~~Subd. 2. Serial number. Both resident and visitor permits shall bear a serial number for the resident obtaining the permit. A record of residents who have permits shall be kept by the City.~~

~~Subd. 3. Display. Resident permits shall be displayed in the lower rear corner of the left side window closest to the rear of the vehicle. Visitor permits shall be placed on the dashboard or other conspicuous place where they may be easily seen by law enforcement personnel through the windshield.~~

~~Subd. 4. Fee. To cover the costs of administering the permit system, a fee may be charged for each permit. The amount of such fee is fixed from time to time by the City Council.~~

~~1310.07. -- Transfer.~~

~~No resident parking permit may be used by or sold or transferred to a person not living at the address for which the permit was issued in the household of the person to whom the permit was issued. No visitor permit may be given or sold for any purpose other than to permit parking by a visitor while actually visiting a resident.~~

~~1310.09. -- Service exemption.~~

~~This section does not apply to individuals who perform, or vehicles used in the performance of, commercial services, repairs, or emergency assistance for any resident, provided that such persons are then performing, or the vehicles are in fact being used, in such services or assistance. This exemption terminates immediately upon completion of the service or assistance.~~

~~1310.11. -- Enforcement.~~

~~Except as specifically provided otherwise in this subsection, the general parking regulations of the City shall be applicable within the areas designated "Parking by Permit Only".~~

Section 2 This ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

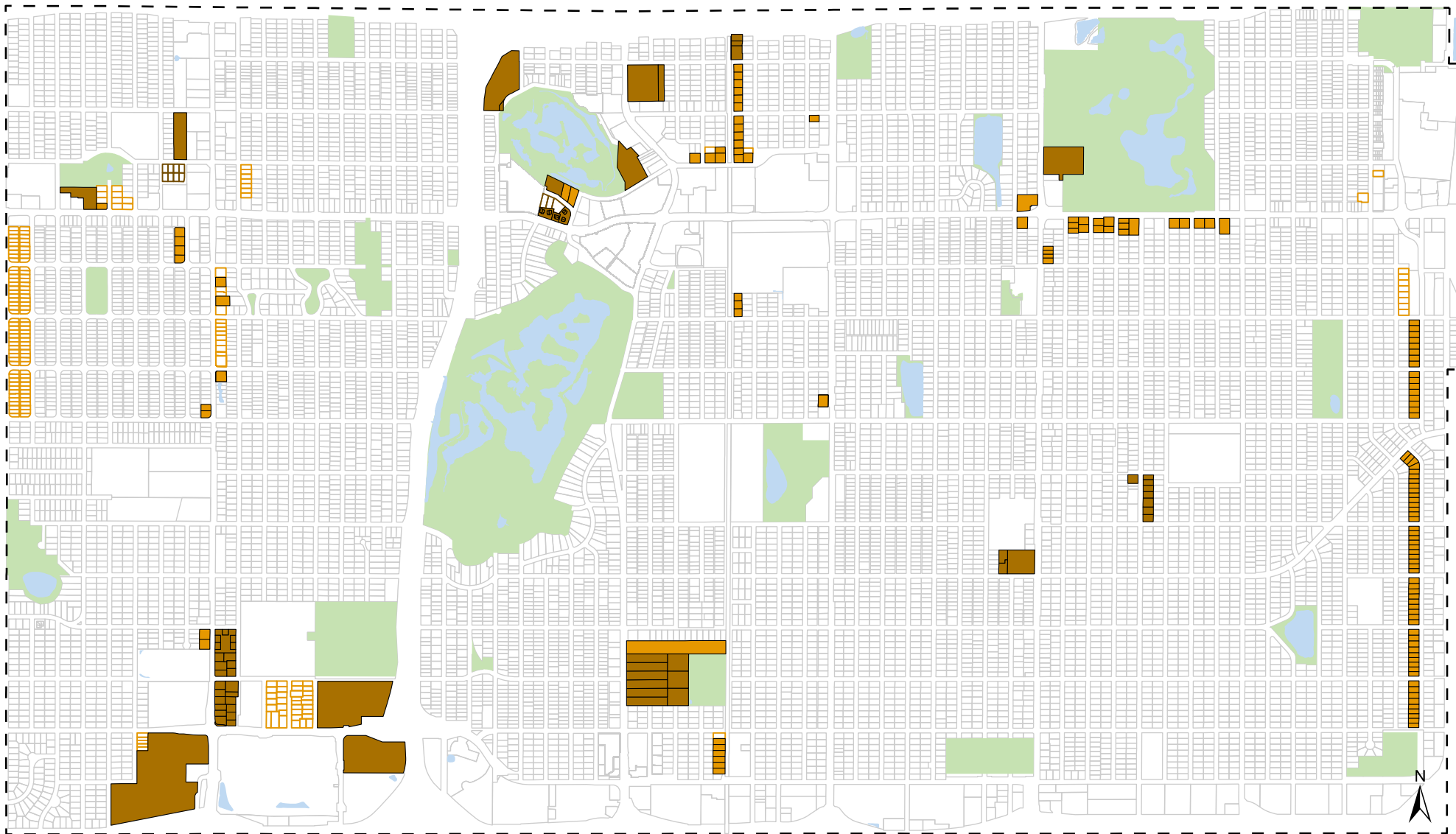
Adopted by the City Council of the City of Richfield, Minnesota this ___th day of September, 2025.

Mary B. Supple, Mayor

BILL NO. 2025-XX

ATTEST:

Michelle Friedrich, City Clerk



Existing & Planned Multifamily Parcels

0 0.10.2 0.4 0.6 0.8
 Miles

- | Zoning | 2040 Guiding |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|  MR-2 Multifamily Residential |  MDR Medium Density Residential |
|  MR-3 High-Density Residential |  HDR High Density Residential |



Tier I, High Level - Recommended Standards

If a standard conflicts with an existing overlay district provision, the overlay district provision prevails.

1. Site Area

City Definition: Subd. 68."Lot area." The total horizontal area bounded by the front, side, and rear lot lines. With respect to planned unit developments only, lot area may include, at the discretion of the Director, areas of the right-of-way that are improved and integral to the design of the project. (Amended, Bill No. 2014-4).

Purpose: A minimum lot size dictates how much land is required for different types of development, ensuring appropriate density and promoting compatible land use.

Medium Density Standard

- a) Existing MR-2: 15,000 sf (0.34 acres) min.
- b) Proposed: 6,000 sf (0.13 acres) min.

High Density Standard

- a) Existing MR-3: 60,000 sf (1.37 acres) min.
- b) Proposed: 6,000 sf (0.13 acres) min.

Reasoning: The proposed standards are the same standard as the R zoning district. The goal is to permit the smallest allowed use (3 units) on a standard-sized lot. This approach minimizes the need for land assembly, which has been identified as a key obstacle for middle housing.

2. Lot Coverage

City Definition: Subd. 70. "Lot coverage." The total ground area covered by buildings on a lot, excluding uncovered swimming pools, uncovered porches, or uncovered ground level landings.

Purpose: Lot Coverage limits help to control the ground cover of a project and the intensity of development in a zoning district.

Medium Density Standard

- a) Existing MR-2: 30% max.
- b) Proposed: 45% max.

High Density Standard

- a) Existing MR-3: 30% max.
- b) Proposed: 55% max.

Reasoning: Lot coverage will naturally be limited by parking and impervious surface.

3. Impervious Surface

City Definition: Subd. 63. "Impervious surface." A surface that has been compacted or covered with a layer of materials so that it is highly resistant to infiltration by water. It includes surfaces such as compacted sand, limerock, or clay, as well as most conventionally surfaced streets, roofs, sidewalks, parking lots, and other similar surfaces. Open uncovered decks or porches are not included.

Propose: Limiting the amount of impervious surface helps regulate infiltration to reduce runoff and flooding.

Medium Density Standard

- a) Existing MR-2: N/A
- b) Proposed: 70% max.

High Density Standard

- a) Existing MR-3: N/A
- b) Proposed: 75% max.

Reasoning: The proposed standards work with the minimum parking requirement. Mixed use districts provide similar standards for impervious surface and open space requirements.

4. Site Width

City Definition: Subd. 76. "Lot line, front." On an interior lot, the lot line abutting a street; or, on a corner lot, the shorter lot line abutting a street (or as otherwise designated by the Building Official); or, on a through lot, the lot lines abutting the streets.

Purpose: A minimum lot width helps ensure that lots are wide enough to accommodate buildings, driveways, and landscaping, promoting functional and accessible site design.

Medium Density Standard

- a) Existing MR-2: 75 feet min.
- b) Proposed: 50 feet min.

High Density Standard

- a) Existing MR-3: 150 feet min.
- b) Proposed: 50 feet min.

Reasoning: The proposed standards are based on the prevalence of existing lots; again, helping to avoid land assembly, which has been identified as a key obstacle.

5. Building Height

City Definition: Subd. 59. "Height of building." The vertical distance to the highest point of the roof for flat roofs; to the deck line for mansard roofs; and to the average height between the highest roof ridge and its associated eaves for gable, hip and gambrel roofs, as measured from the average elevation of the lot adjoining the front building line.

Purpose: Building height limitations help to prevent overshadowing and to ensure compatibility with surrounding structures.

Medium Density Standard

- a) Existing MR-2: 35 feet max.
- b) Proposed: 3 stories, 36 feet max.

Reasoning: Twelve feet per story provides sufficient design flexibility to accommodate up to three (3) story buildings.

High Density Standard

- a) Existing MR-3: 50 feet max
- b) Proposed: Minimum 3 stories; Maximum 5 stories, 60 feet

Additional building height standards include:

- Proximity to Transit Stations: Buildings within one (1) block east or west of a high frequency transit line or within the expanded Lyndale/66th “Downtown” area (see map) may extend up to six (6) stories (or 72 feet) to support transit-oriented development.
- When more than four (4) stories: Floors above the third floor shall be stepped back a minimum of 15 feet when adjacent to public streets and public land. Step backs may be adjusted depending on specific site conditions and building placements.
- Transition Zones: Where a high-density residential zone abuts the south side of a Low Density Residential District (R or R-1), or a public park, the height of buildings within 50 feet of the boundary shall not exceed three (3) stories (or 36 feet) to maintain a gradual transition. (Simulates an MR-2 height building, for the width of the minimum lot width requirement, when adjacent to single family, two family, or park.)
- Section 544.23 requires that no building shall be so tall that its shadow is cast across more than 50% of land ~~used~~ guided for a single-family or two-family building between the hours of 9:00 a.m. and 3:00 p.m. on any day of the year.

Reasoning: Provides adequate transition between R and MR zoning districts. Minimum height requirement ensures the efficient use of land and promotes a pedestrian-friendly streetscape. Maximum height is proportioned between the Medium Density Residential and the Mixed Use Neighborhood zoning district (which is eight stories max).

6. Setbacks

City Definition: Subd. 116. "Setback." The minimum horizontal distance required between a building, structure, parking lot or other site improvement and the related front, side or rear lot lines.

Purpose: Setbacks provide a buffer from property lines, space to accommodate landscaping or walkways, and to ensure adequate light, ventilation, and privacy for neighboring properties.

Medium Density Standard

Front Setback

- a) Existing MR-2: 30 feet min.
- b) Proposed: 15 feet min and allow 6 feet of encroachment for unenclosed front entry features, (i.e., porches).

Side (Interior) Setback

- a) Existing MR-2: 20 feet min. or building height
- b) Proposed: 5 feet min, except if abutting a public park, then 15 feet.

Side (Corner) Setback

- a) Existing MR-2: 30 feet min.
- b) Proposed: 15 feet min.

Rear Setback

- a) Existing MR-2: 25 feet min. or building height
- b) Proposed: 20 feet min.

Reasoning:

- Front Setback: Encroachment “allowance” encourages front entry features which are “see through” (i.e., decks, porches) but nine (9) feet still allows enough space for front yard trees.
- Side (Interior) Setback: There are two (2) story SFR with five (5) foot side yard setbacks, one (1) more story is not a significant difference. In many cities, three (3) stories are allowed for SFR as well.
- Side (Corner) Setback: A reduced setback aligns with the proposed front yard setback while still supporting the maintenance of sight triangle and planting areas within the side yard.
- Rear Setback: A reduced setback provides greater flexibility with shallower multifamily lots and aligns with some existing medium density development.

High Density Standard

Front Setback

- a) Existing MR-3: 40 feet min.
- b) Proposed: 15 feet min and allow 6 feet of encroachment for unenclosed front entry features, (i.e., porches).

Side (Interior) Setback

- a) Existing MR-3: 30 feet min or building height
- c) Proposed: 8 feet min, except if abutting a public park, then 15 feet.

Side (Corner) Setback

- a) Existing MR-3: 40 feet min.
- b) Proposed: 15 feet min.

Rear Setback

- a) Existing MR-3: 35 feet min.
- b) Proposed: 20 feet min.

Caveat: Retain the existing setbacks when adjacent to Vet’s Park (meaning move the current requirements to the VPA overlay district.)

Reasoning:

- Front Setback: Encroachment “allowance” encourages front entry features which are “see through” (i.e., decks, porches) but nine (9) feet still allows enough space for front yard trees.
- Side (Interior) Setback: Building height adjacent to side lot lines limited based on context – see height section.
- Side (Corner) Setback: A reduced setback aligns with the proposed front yard setback while still supporting the maintenance of sight triangle and planting areas within the side yard.
- Rear Setback: A reduced setback provides greater flexibility with shallower lots.

7. Parking Requirements

City Definition: Subd.93 “Parking lot (area).” An authorized area not within a building where motor vehicles are stored for the purpose of temporary, daily, or overnight off-street parking.

Purpose: Parking minimums provide adequate space for parking vehicles relative to anticipated demand.

Medium & High Density Standard

- a) Existing MR-2 and MR-3: 1.1 parking stalls per unit. (Based on 1.25 per unit with a 10% credit for being within a 1/4-mile radius of a Frequently Operating Transit Line (FOTL), and a 5% credit for extra bike parking.)
- b) Proposed: Maintain existing standards and add the following:
 - Reduce to 0.5 parking stalls per unit, only for buildings that are 40 units or less, for parcels located 1 block* along either side of a High Frequency Transit Line. (HFTL).** A building of 41 units or more in size would need to meet existing parking requirements.
 - Reduce to 0.5 parking stalls per unit for the first 40 units in a building, regardless of zoning designation, if located within the expanded 66th/Lyndale “Downtown” area.*** The 41st unit in a building, and above, would need to meet existing parking requirements.
 - Reduce parking requirements for cluster developments in the MR-2 zoning district to 1.25 parking stalls per unit. (Missed during last year’s parking update.)
 - If an alley is present, allow direct pull-in parking stalls off the alley.
 - Allow on-street parking to count towards triplex and fourplex on-street parking requirements only if:
 - the roadway (back of curb to back of curb) is 36 feet wide or greater,
 - sufficient driveway space exists such that the full parking requirement could be parked on-site during a snow event (e.g., tandem stacked in driveway),
 - the applicant agrees to provide notification to future residents through lease and/or sale agreements, so that residents are aware of snow emergency requirements to move cars off-street, prior to moving in, and
 - The City adopts two (2) changes to the municipal code:
 - Add a clause that explicitly states that all on-street parking is public parking and may be occupied by any vehicle regardless of vehicle ownership or property ownership.

- Section 1310 regarding residential parking permits, which has never been used, is deleted.

* One (1) block meaning to the next street east/west, - or to where the next street would cross if the street went through – see attached map.

** To be defined as stops with a 15-minute headway or less.

***To be described as being located on: either side of 66th Street, between Rae Drive to the west and Stevens Avenue to the east; on either side of Lyndale Avenue, between Highway 62 to the north and either 67th Street W (along east side) or Lake Shore Drive (along west side) to the south; and on either side of Nicollet Avenue, between 64th Street to the north and 67th Street East/AHA Way to the south.

Reasoning: The proposed standards facilitate infill development, and support Transit-Oriented Development (TOD) and walkable/bikeable neighborhoods, while providing limited parking for maintenance calls, deliveries, and shared car programs, etc.

The expanded 66th/Lyndale area is generally understood to be the downtown area, but since it has not been formally defined, the term cannot yet be used. Once an official downtown area has been adopted, the designated area can be adjusted accordingly. The off-street parking allowance caveats are based on feedback from Engineering and Public Works.

8. Unit Sizes

City Definition: N/A

Purpose: A way of indirectly regulating housing density.

Medium & High Density Standard

a) Existing MR-2 and MR-3:

Eff: 400 sf min.

1 bed: 550 sf min.

2 bed: 750 sf min.

3+: add 150 sf for each bedroom over 2 beds

b) Proposed: Eliminate.

Reasoning: The building code already sets requirements for bedroom sizes, so having additional regulations would be redundant and confusing. The focus should be on regulating the overall structure, not its interior layout.

9. Open Space

City Definition: Subd.90 “Outdoor Open Space.” Lawns and other natural areas and open courtyards. Open space does not include driveways, parking areas or sidewalks.

Purpose: Requiring a minimum amount of open space ensures that residents have readily accessible areas for passive enjoyment. The City also has a definition for “Usable Open Space” which is meant to be for more active enjoyment and does not include required landscape setback areas unless intentionally designed for such.

Medium & High Density Standard

- a) Existing MR-2: Min. of 325 sf per unit / MR-3: Min. of 300 sf per unit
- b) Proposed: Eliminate the “Outdoor Open Space” definition and instead use the “Usable Open Space” definition, which is already used in the mixed-use districts. Require 10% of the lot for MR-2 and 15% of the lot for MR-3, rather than a per unit calculation. Unit-specific open space, such as balconies and porches, may not count for more than 50% of the overall open space requirement. Impervious improvements, such as rooftop amenities and patios, may not be more than 25% of the open space requirement. Shared rooftop amenities that are also a green roof may be exempt from the 25% hard-surface limit, subject to review and approval by the City Engineer and Sustainability Coordinator.

Reasoning: Both a single open space definition, and lot-based versus unit-based requirement, will simplify and streamline the code. Richfield does not have a park dedication requirement, which is typically 10% of a lot area and sometimes applies in addition to open space requirements. Limiting the amount of open space dedicated to individual units helps preserve shared open space that fosters a sense of community.

10. Number of Units by Bedrooms

City Definition: N/A

Purpose: Limits to the number of efficiency units was likely adopted (circa 1995) to ensure that a variety of unit sizes were provided, to provide diversity in housing options. Smaller units tend to be more affordable, while larger units tend to serve families. There is a benefit to having a variety of unit sizes available, to serve a broad population, but at what proportion depends upon the demographic of the rental community. Consequently, any one (1) unit size should not be severely limited.

Medium & High Density Standard

- a) Existing: Number of efficiencies limited to 20% of the units in MR-2, and 25% of the units in MR-3.
- b) Proposed: Eliminate.

Reasoning: Allow the market to determine the number of units. Similar to the rationale for unit size standards, regulations should focus on the overall structure rather than its interior layout.

11. Approval Process

Purpose: To ensure proposals meet zoning rules and regulations consistently and in alignment with the intent of the code.

Background: Currently, all commercial, industrial, multiple-family housing (3 or more units) and institutional development applications are required to obtain full site plan approval. Full site plan approval includes a public hearing, which takes at a minimum, two (2) months, and increases project costs. The shift to an *administrative* site plan approval would not include a public hearing process, can generally be processed in one (1) month, and the application fee is less expensive.

Historically, Richfield allowed multi-building developments called “group housing development”. Currently, the code defines group housing as: “A development located on a single lot that consists of two or more buildings, each of which contains 3 or more dwelling units”. This is probably a relic from before the PUD code was adopted.

Medium Density Standard

- a) Existing MR-2: Up to 8 units = site plan approval, 9 to 25 units = conditional use permit, over 25 units = not allowed no matter the lot size.
- b) Proposed: By *administrative* site plan approval (no PC or CC) – Up to 16 units. Full site plan approval (with PC & CC) for between 17 to 40 units. Conditional Use Permit for over 40 units.

Allow cluster homes as a permitted use with the same thresholds.

Reasoning: Will help shorten the application process and avoid the uncertainty of unknown conditions for smaller projects, a stated obstacle.

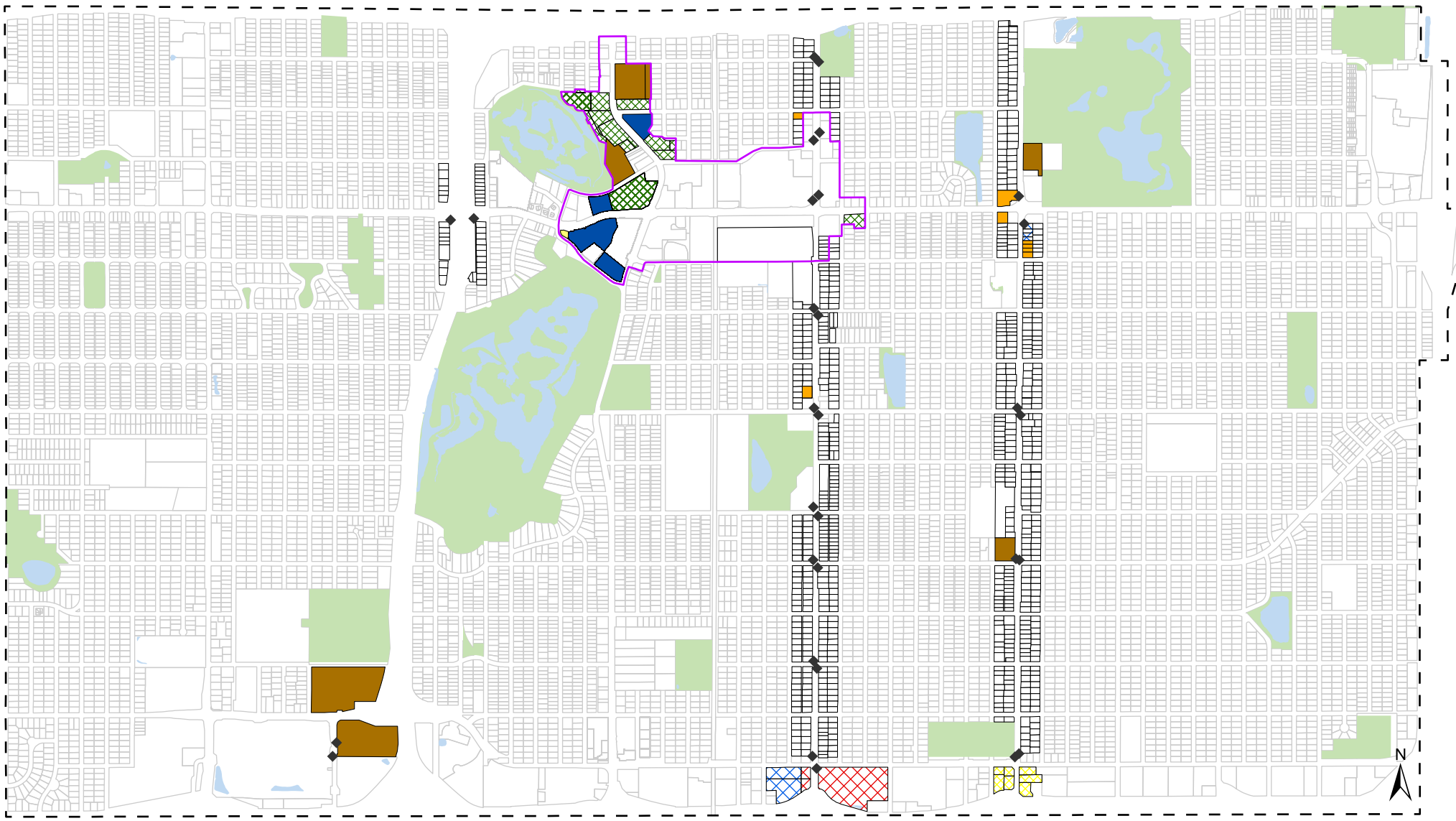
High Density Standard

- a) Existing MR-3: up to 20 units = site plan approval, more than 20 units = conditional use permit.
- b) Proposed: By *administrative* site plan approval (no PC or CC) up to 32 units. Full site plan approval (PC & CC) for between 33 to 100 units. Conditional Use Permit for over 100 units. Change the name of the term “Group Housing Development” to “Multi-Building Development” to avoid confusion and add “Multi-Building Development” as a permitted use in both MR-2 & MR-3 districts, subject to the same thresholds.

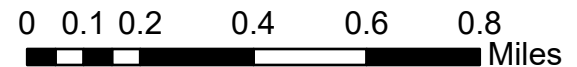
For all projects administratively approved (both MR-2 & MR-3), require courtesy notice to immediate neighbors prior to construction. Following draft language is for policy only, not for ordinance:

At least 15 business days before demolition commences – or before construction commences if the site is already vacant - the permit holder must provide written notification to all property owners and tenants within 300 feet of the perimeter of the site notifying them of the proposed demolition and construction project. The notice must identify the nature of the project, the permit holder, a contact name and phone number, and the site address. The notice must also provide a city phone number to call with any questions, complaints or concerns. The notice should be provided to city staff for review and approval prior to distribution.

Reasoning: For thresholds, same as for Medium Density. For multi-building development, this would eliminate the need for a PUD if more than one (1) principal building is desired on one (1) lot. (A PUD also triggers a rezoning and a conditional use permit.)



Residential Parking Reduction Areas



- | | | |
|--------------------------------|-----------------------------|------------------------------------------|
| R Low Density Residential | MU-C Mixed Use-Community | PMR Planned Multi-Family |
| MR-2 Multi-Family | MU-N Mixed Use-Neighborhood | PMU Planned Mixed Use |
| MR-3 High-Density Multi-Family | MU-R Mixed Use-Regional | High Frequency Transit Line (HFTL)* Stop |

Half a stall per unit for the first 40 units. 1.25 stalls per unit for the 41st unit & above.

All other highlighted parcels shown; 1 block along either side of a HFTL line = 0.5 stalls/unit, up to 40 units max.**

* A HFTL is defined as having stops with a 15-min headway or less.
 ** One block meaning to the next street, or to where the next street would cross if it went through.



Tier II, Mid-Level Recommended Standards

If a standard conflicts with an existing overlay district provision, the overlay district provision prevails.

1. Parking Location & Setbacks

Purpose: To locate parking predominantly behind the building to prioritize an active, pedestrian-oriented street frontage.

Medium & High Density Standard

a) Existing:

- i. **Setbacks** (Section 544.13, Subd. 5): Parking lots must be setback eight (8) feet from the right-of-way; five (5) feet from adjacent commercial, multifamily and mixed-use property; and 15 feet from single and two-family property with appropriate screening as required by Section 544.03, Subd. 5
- ii. **Location:** None
- iii. **Screening:** Section 544.03, Subd 5, generally requires that *“Residential sites shall be landscaped to improve the livability, beauty and value of housing; to screen and mitigate views of large parking areas; to reduce the effect of traffic noise; to provide shade; and to help protect water quality.”*

b) Proposed:

- i. **Setbacks:** Retain the existing requirement for an 8 foot setback when adjacent to right-of-way on side or rear, otherwise Parking stalls must be setback a minimum of five (5) feet from the side and rear property lines.
- ii. **Location:**
 - Front yard and street side yards: not allowed
 - Rear yard or underground: allowed
 - Interior side yard: allowed, provided it is not more than the width of the building, or 60 feet, whichever is less.
- iii. **Screening:** Screening requirements only apply to parking lots. Parking lots adjacent to Low-Density Residential, (R) and Single-Family Residential (R-1), Districts must be screened along the side and rear property lines with a four (4) foot-tall privacy fence, solid evergreen hedge, architecturally compatible opaque wall, or a combination of these, unless:
 1. An alley is present, or
 2. The adjacent property owner provides a written waiver.

The perimeter planting requirements of 544.03, Subd. 6 shall apply to parking stalls located in interior side yards, adjacent to all other zoning districts.

- c) Reasoning: Reduced setbacks are mitigated by screening standards that minimize visual impacts on neighboring properties. Locating parking at the rear or underground supports the goal of maintaining active street frontages.

2. Access

Purpose: To ensure orderly and efficient entry and exit for vehicles, to minimize curb cuts, and enhance pedestrian safety.

Medium & High Density Standard

- a) Existing: None.
- b) Proposed:
 - i. If a parking lot is adjacent to an alley, access shall be off the alley.
 - ii. If a lot is not adjacent to an alley but is a corner lot or a through lot, then driveway access shall be off the side street with the lower functional class as defined by the comprehensive plan. If both roadways are the same functional class, access may be off of either, subject to approval of the jurisdictional agency.
 - iii. If a lot is not adjacent to an alley nor a corner lot, driveway access can be from the street.
 - iv. A driveway existing as of [insert date] that does not meet the above lot access standards can continue in the same location until the property is redeveloped. Such driveway may be expanded if it is in conformance with the City Code.
 - v. Shared access is highly encouraged but requires a recorded agreement with the neighboring property owner.
- c) Reasoning: The proposed changes are intended to reduce the number of access points along the streets by encouraging access from the side or rear of the property when possible. This approach supports the creation of uninterrupted sidewalks and reduces potential conflict points between pedestrians and vehicles.

3. Building Mass

Purpose: To prevent long, continuous unbroken building facades, and to use design elements to create a vertical rather than horizontal building expression.

Medium & High Density Standard

- a) Existing: None
- b) Proposed:
 - i. Every building wall length that exceeds the height of the building shall incorporate a full height offsets spaced at intervals equal to ~~of~~ the building height. The offset shall be a minimum of 1 foot in depth and width per story of building height. An offset can be a

projection or recess. All building walls under 36 feet in length are exempt from this standard.

- ii. No building wall shall exceed 200 feet in length.
- c) Reasoning: The proposed standards are intended to divide a building's mass into increments that create an inviting, pedestrian-oriented streetscape.

4. Minimum Window Requirements

Propose: To humanize the appearance of a building, allow access to light and air.

Medium & High Density Standard

- a) Existing: Standards for window treatments are prescribed in Section 544.07, Subd 5 and require that "Windows or simulated windows shall at a minimum be used on the ground level of any wall parallel to or nearly parallel to a street. The use of bars, chains or similar security devices that are visible from a public street or sidewalk shall be prohibited."
- b) Proposed: Retain existing, and add:
 - i. Each building wall that faces a public street, public sidewalk or public pathway, must be comprised of no less than 30% windows on the first floor and no less than 20% windows on each floor above the first floor.
 - ii. Each building wall that faces any other direction must be comprised of no less than 15% windows on each floor.
 - iii. Window requirements are not intended to require custom window sizes, or to increase building setbacks to comply with building code. They are intended to apply when the first floor is used for interior parking.
 - iv. False windows are prohibited.
- c) Reasoning: To push for design standards that exceed the minimum building code, within reason.

5. Blank Wall Limits

Purpose: Promotes visual interest and variety in the building expression, making the building more appealing - an added element to ensure attractive design enhancing confidence in project outcomes.

Medium & High Density Standard

- a) Existing Standards: There are no explicit requirements. However, window treatment requirements under Section 544.07, Subd 5 (cited above) are typically applied.
- b) Proposed:
 - i. Along a street frontage or side street, the bottom 25 feet of a building shall include elements that relate to the human scale. These should include doors and windows, projections, awnings and canopies, or decorative ornamentation. This requirement

may also be addressed through art installation or a living wall subject to approval by the Director.

- ii. A blank wall (to be defined as an uninterrupted wall that does not include entries, windows, recesses, projections, or other architectural elements, and exceeds 25 feet in length) would be prohibited. Would be calculated per floor.
- c) Reasoning: To ensure buildings are visually appealing, especially when the placement of windows and balconies is limited by building code for various reasons. This regulation would ensure building articulation in areas where other preferred elements are precluded.

6. Principal/Front Entry Emphasis

Purpose: A well-designed entrance has long been a defining feature of architectural character. It plays a vital role in wayfinding, creates a welcoming atmosphere, and provides shelter from the elements.

Medium & High Density Standard

- a) Existing: Architectural standards under Section 544.07, Subd. 1, require buildings to be oriented so that at least one (1) principal entrance faces the public street.
- b) Proposed:
 - a) Building entrances shall
 - face the front of the lot unless a corner lot where street classifications differ, then the entrance shall face the street with the higher road classification;
 - be architecturally emphasized, and highly visible from the street; and,
 - utilize design features that protect pedestrians from the rain and sun, such as awnings, canopies, or porticos.
- c) Reasoning: Refer to the purpose statement above. These proposed requirements, which are similar to the mixed-use district standards, are also appropriate for multifamily residential

7. Other Contextual Considerations:

Section 547 – Administration

Purpose: To provide administration approval for minor deviations that would trigger a variance.

- a) Existing: None
- b) Proposed: Ten (10) percent administrative approval of deviations.
- c) Reasoning: This would remove the variance process for situations that require very minor flexibility. This provision is intended for unique situations where the full requirement cannot feasibly be met, but the difference would not be noticeable without measurement. For example, ten (10%) percent deviation from the five (5) foot side yard setback in MR-2 is six (6) inches. Staff would have the ability to deny the deviation, and require the variance process if

staff finds the deviation warrants a greater review. As proposed, the provision would apply to all site plan approvals and not just multi-family zoning districts.

Section 509.11. - Not Encroachments.

Purpose: To update provisions to clarify balcony encroachments.

- a) Existing: In required front yards, principal building balconies that extend a distance of four (4) feet or less, provided they are seven (7) feet or more above grade at the front building line.
- b) Proposed: Retain existing and add in required side yards that are not adjacent to property guided low density residential, principal building balconies that extend a distance of three (3) feet or less, provided they are seven (7) feet or more above grade at the side building line.
- c) Reasoning: To facilitate balconies where appropriate. In the MR-2 district, the side setback is five (5) feet, so a balcony could be two (2) feet from the property line. In the MR-3 district, the side setback is eight (8) feet, so a balcony could be five (5) feet from the property line.

Section 509.13. - Central Air Conditioning Units.

Purpose: To update provisions regarding the location and screening of central air conditioning units.

- a) Existing: Central air conditioning units shall not be located forward of the front building line and shall not be located closer to any side lot line than the minimum side setback requirement for the principal building.
- b) Proposed: Central air conditioning (AC) units shall be located in the rear yard whenever feasible. Placement of AC units in a side yard is permitted only when rear yard placement is determined to be infeasible by the City Building Official. In such cases, units may be located in a side yard provided they are not placed closer to any side lot line than the minimum side setback requirement for the principal building, minus three (3) feet. AC units shall not be located in the front yard unless placement in the rear or side yard is not feasible. In such cases, the unit must be screened from view by hardscape (e.g., fence or wall) and approved by the Director.
- c) Reasoning: The front yard location requirement was an issue in both the Rya and Penn Place Townhome projects. Allowing a three (3) foot encroachment enables placement of the A/C unit within the side yard without requiring the entire building to be set further back. As proposed, this provision would apply to all projects and not just those in multifamily residential zoning districts. This regulation has posed challenges, particularly when retrofitting A/C units for existing homes. The change would primarily impact residential properties and is unlikely to affect new construction or larger commercial projects, as their units typically exceed three (3) feet in size.

Tier III, Ground Level Recommended Standards

If a standard conflicts with an existing overlay district provision, the overlay district provision prevails.

1. Exterior Materials & Color

Purpose: To guide the durability and residential character of a structure, maintain a high quality appearance over time, and to fit within Richfield’s urban and suburban context.

Medium & High Density Standard

a) Existing:

- i. **Materials:** Standards for exterior materials are prescribed in Section 544.07 Subd. 3 and require “the main exterior wall surface of all buildings shall be constructed of wood, brick, stone, cementitious planks (e.g. Hardiplank®), glass, architectural concrete textured surface or other materials of high quality as approved by the Director. Unadorned pre-stressed concrete panels, standard concrete block and unfinished metal, except for naturally weathering metals such as copper, shall not be permitted. All buildings shall be constructed so that each exterior wall and roof surface is finished with materials of consistent quality as those of the front wall and front roof.”
- ii. **Color:** None

b) Proposed:

- i. **Materials:** Modify the existing standard by removing the ability to use architectural concrete textured surfaces and limit finished metals to above the ground floor and not more than 40% of the wall area with the caveat that they must be matte finished. This would apply to multifamily residential only.
- ii. **Color:** No building may display more than ten (10%) percent of any elevation surface in bright, high intensity or pure tone primary or secondary colors. No fluorescent or neon colors shall be used on any exterior elevation surface, except for murals.

c) Reasoning: Finished metal is prone to denting and does not hold up well to the wear and tear typically experienced at the ground level. Additionally, non-matte finishes can create reflective glare from the setting sun, which can be a nuisance. Metal finishes and exposed concrete, even when textured, are not traditionally used as exterior materials for housing and are generally considered incompatible with residential settings. Similarly, building colors that are overly bright, harsh, or otherwise out of character with the traditional neighborhood aesthetic should be prohibited to maintain the area's cohesive appearance.

2. Exterior Lighting

Purpose: To promote environmentally sensitive lighting, to limit glare onto abutting parcels and right-of-way, while allowing sufficient nighttime illumination at levels appropriate for a residential area

Medium & High Density Standard

- a) Existing: Standards for exterior lighting are prescribed in Section 544.09, Subd. 1 and require “lighting to be designed and arranged to restrict direct illumination and glare onto abutting parcels.” Section 544.09, Subd 2 – 13 provide additional lighting requirements. Standards to note that pertain to this update include:
- i. Direct off-site views of the light source are not permitted except for ornamental style fixtures if it can be demonstrated that off-site view of the light source are mitigated by the fixture design and/or location.
 - ii. Wall packs are not allowed.
 - iii. Lighting shall not exceed one (1) foot candle as measured from the centerline of a public street or residential property line.
 - iv. Minimum parking lot illumination of 0.2 foot candles and a maximum of four (4) foot candles.
 - v. Primary building entrances to multifamily residential at a minimum of five (5) foot candles and no maximum.
- b) Proposed: Modify the existing standard to include the following requirements for exterior lighting:
- i. Maximum illumination of eight (8) foot-candles at building entrances.
 - ii. Light color temperature (Kelvin) must not exceed 3,000 K.
 - iii. All fixtures must be dark sky compliant, downcast, except decorative fixtures per 544.09, Subd. 4, 8 & 11.
 - iv. Maximum pole or mounting height must not exceed 12 feet.
- c) Reasoning: To incorporate industry standards that mitigate exterior lighting impacts to the environment and adjacent uses.

Kelvin measures the color temperature of a light source, indicating whether it appears warm (yellowish) or cool (bluish). 3,000 Kelvin is what the City uses for public street lighting, so it would create a consistent tone. Bluer tones tend to disrupt wildlife and have also been shown to have a negative impact on humans.

3. Sidewalks

Purpose: A dedicated pedestrian pathway, separating foot traffic from vehicular traffic and promoting safe and accessible mobility for all.

Medium & High Density Standard

- a) Existing: The subdivision regulations require a minimum six (6) foot wide concrete sidewalk within the City right-of-way adjacent to the subject parcel, if the property is being platted. Section 544 (General Building and Performance Standards) requires pedestrian paths at all pedestrian arrival points to the property. Finally, the current ten (10%) percent parking credit for being within one-

fourth (1/4) mile of a frequently operating transit line requires that pedestrian ways connect the parcel to the transit stop. This is an incentive for those who want the credit to construct missing connections.

- b) Proposed: Require a six (6) foot wide sidewalk along all sides of the lot that abut a public street, with any new construction. (will reference language in subdivision regulations)
- c) Reasoning: Zoning regulations cannot impose requirements that extend beyond the boundaries of a property unless there is a clear and direct nexus demonstrating how the off-site requirement is necessary to address an impact caused by the development.

4. Screening for Refuse

Purpose: To screen the placement of refuse, recycling, and organic containers to minimize adverse impacts on neighboring properties, including noise, odor, visual appearance, and litter.

Medium & High Density Standard

- a) Existing: Standards for the screening of refuse collection are prescribed in Section 554.05. In general, these requirements specify that all trash, garbage, waste materials, and recycling containers must be designed to be stored within the interior space of the building.
- b) Proposed: Up to eight (8) units are exempt from the internal storage requirements. Nine (9) to twelve (12) units are also exempt from the internal storage requirements, but the exterior storage must be screened by an enclosure. For 13 or more units, no change.
- c) Reasoning: To minimize potential adverse impacts of larger buildings and facilitate smaller buildings.

5. Screening for Utilitarian Items

Purpose: To screen the utilitarian items such as HVAC and utilities to minimize adverse impacts on neighboring properties, including noise, odor, and visual appearance.

Medium & High Density Standard

- a) Existing: Standards for the screening of utilitarian items are prescribed in Section 554.05. In general, these requirements specify that *“all delivery and loading operations, HVAC equipment, and other utility and service function shall be grouped and arranged away from the public right-of-way and fully screened from ground level observation at any point on the property, adjacent property, or from adjacent right-of-way.”*
- b) Proposed: No change.
- c) Reasoning: Staff reviewed the existing standards and determined they are sufficient; no revisions are necessary.

6. Landscaping

Purpose: Proper landscaping adds to the health, safety, aesthetic, ecological and economic values of the community. The intent of these provisions is further listed in Section 544.03 - Landscaping and screening requirements.

a) Existing: The landscaping and screening requirements under review apply to residential uses as outlined in Section 544.03, Subd. 5. These standards are intended to improve the livability, beauty and value of housing; to screen and mitigate views of large parking areas; to reduce the effect of traffic noise; to provide shade; and to help protect water quality. The requirements in the table below are in addition to any plantings in the public street right-of-way whether installed by the land developer or the City.

Type	Requirements
Overstory deciduous trees	3 to 6 units: 1 tree per dwelling unit More than 6 units: 0.5 trees per dwelling unit
Coniferous trees	May be substituted on a one-for-one basis for the overstory deciduous trees
Ornamental deciduous trees	Not required
Understory shrubs	Foundation plantings are required in all <u>areas</u> visible <u>areas from the public right-of-way.</u>

b) Proposed: Retain and edit understory shrubs as shown above.

c) Reasoning: Applies the same foundation planting language as required for single and two family. Projects that are unable to accommodate tree plantings on-site may either plant trees in designated public areas, such as parks or rights-of-way, or contribute to a fund that will be used to plant trees in public spaces on their behalf.

7. Purpose Section

Purpose: To update the MR-2 (Section 525.01) and MR-3 (Section 527.01) purpose statements to clearly align with the overall intent of the code and the proposed updates. The purpose statements serve as guiding language when evaluating proposals such as variances or PUDs, helping determine whether a proposal meets the code’s intent. Therefore, it is important that the purpose statements explicitly describe the desired types of development and intended characteristics.

Medium & High Density Standard

a) Existing:

MR-2: The purposes of the MR-2 District regulations are to reserve appropriately located areas for multifamily dwellings; preserve as many as possible of the desirable characteristics of the single-family residential district while permitting higher population densities; provide opportunities for infill cluster housing development, thereby allowing greater intensities and a wider variety of housing types; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size (or density) in relation to the surrounding land, buildings, or infrastructure; and to provide multifamily residential areas that are safe and attractive.

MR-3: The purposes of the MR-3 District regulations are to reserve appropriately located areas for family living in a variety of types of dwellings at a reasonable range of population densities; preserve as many as possible of the desirable characteristics of the single-family district, while permitting higher population densities; provide space for semi-public facilities needed to complement urban residential areas and space for institutions that require a residential environment; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size in relation to the surrounding infrastructure; and to provide multifamily residential areas that are safe and attractive.

b) Proposed:

MR-2: The purpose of the MR-2 zoning district is to promote multifamily development that is diverse and attractive, and to facilitate context-sensitive infill and redevelopment, by allowing a variety of buildings with multiple units. Characteristics of such buildings include primary entrances and windows facing onto the street, with secondary windows facing to the side and adjoining properties, human scaled architectural elements, and green space that allows for tree canopy, water filtration, and relaxation. Examples of such building types include stacked triplexes and fourplexes, townhomes, courtyard cottages, courtyard apartments, rowhomes, small (low-rise) multifamily buildings and cluster developments. The district is not intended to allow more than one (1) full-sized single-family detached unit on a lot (a full-sized home meaning 1,200 square feet or bigger) or to allow slot homes.

MR-3: Similar to MR-2, except building types would include mid-rise apartments.

c) Reasoning: The existing purpose statements do not address the desirable aspects of the district or the desired building form. The language precluding full size single family is to ensure “multibuilding developments” are not misinterpreted. An example of slot homes is RF64. Building types could be added to the definitions section if desired/needed.

Related Comp Plan Goals and Policies

CP Goals:

- Provide a full range of housing choices that meet residents' needs at every stage of their lives, and ensure a healthy balance of housing types that meet the needs of a diverse population with diverse needs.
- Maintain and enhance Richfield's commitment to housing ... redevelopment, resulting in an attractive, desirable and prosperous community.

CP Policies:

- Strongly encourage pedestrian-friendly and transit-friendly building and site design through measures such as higher density development and growth, which is located along major transportation routes.
- Regularly review land use and zoning ordinances to ensure maximum opportunities for strengthening housing choices.
- Promote the development of a balanced housing stock that is available to a range of income levels.
- Establish a land use pattern and supporting infrastructure that preserves and enhances the ability of residents to make personal connections in their neighborhoods.
- Provide a full range of housing choices that contribute to vital and desirable neighborhoods that welcome diversity of age, race, and physical ability; while maintaining a comfortable small town atmosphere.
- Require site design and architectural characteristics that provide appropriate transitions between lower and higher intensity uses.
- Develop residential standards (scale, density, etc.) for redevelopment areas that create neighborhood character.
- Focus commercial and higher density residential development along major thoroughfares.
- Ensure that redevelopment and infill projects maintain the integrity of existing neighborhoods.
- Give priority to projects that meet the following criteria when considering proposals for market-rate, multifamily housing:
 - » Located in transitional areas between single-family neighborhoods and commercial areas.
 - » Offers a complementary size and style to the community.
 - » Includes a mix of unit sizes and amenities.
 - » Includes amenities to build community and encourage active lifestyles.
 - » Offers a mix of residential and complementary commercial uses that embody and preserve the feel of the "Urban Hometown" in their design.
 - » Offers flexibility in their design to accommodate market changes.



Report Prepared By:
Jennifer Anderson, Support Services Manager

Department Director:
Jay Henthorne, Police Chief

Item for Consideration:
First reading of an ordinance regulating the use and licensing of short-term rentals.

EXECUTIVE SUMMARY

The City Council approved an ordinance restricting short-term rentals on May 27, 2025. It was highlighted at that meeting that licensing regulations would be brought forth prior to the close of the year.

HISTORICAL CONTEXT

With the passage of the short-term rental ordinance in May 2025, the City Council decided short-term rentals should be administered as a business license rather than a rental license. The proposed licensing ordinance addresses required application information, criminal history background investigation, non-transferable licenses, renewal requirements, display of license on the premises, inspections and enforcement and the basis for license denial, suspension and revocation. This framework follows other similar license applications the City requires.

RECOMMENDED ACTION

By Motion: Approve the first reading of an ordinance regulating the use and licensing of short-term rentals.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Richfield Police Department is committed to ensuring equity and inclusivity in our work. In some instances, equity considerations may not directly apply; however, staff review of policy and processes will always consider DEI principles.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Chapter IV Building, Housing and Construction Regulations of the Richfield Municipal Code now addresses short-term rentals.

CRITICAL TIMING ISSUES

The short-term rental ordinance and proposed licensing requirements will be effective January 1, 2026, so approval of the proposed licensing standards by early September would be helpful before business licensing renewal season begins in early October. Additionally, setting up the licensing software process will need to be incorporated and tested prior to October.

FINANCIAL IMPACT

The recommended fee for a short-term rental license is \$700.00 which supports licensing staff time, development of the software set-up, training and testing phase, initial licensing process, renewal, background checks, enforcement and inspections. The recommended annual renewal fee is \$500.00 which would be collected in late 2026 for 2027.

LEGAL CONSIDERATIONS

The City Attorney has reviewed and approved the contents of the staff report.

ALTERNATIVE RECOMMENDATION(S)

The City Council could deny the first reading of the ordinance and direct staff on how to proceed.

ATTACHMENTS

1. 2025-XX Short-Term Rental Licensing Ordinance - Clean Version V2

BILL NO. _____
**AN ORDINANCE AMENDING CHAPTER XI OF THE RICHFIELD CODE OF
ORDINANCES BY ADDING A NEW SECTION 1199 REGULATING THE USE AND
LICENSING OF SHORT-TERM RENTALS**

THE CITY OF RICHFIELD DOES ORDAIN:

SECTION 1. Chapter XI of the Richfield Code of Ordinances is hereby amended by adding a new Section as follows:

SECTION 1199. – SHORT-TERM RENTALS

1199.01. – Purpose and Findings.

The City of Richfield makes the following legislative findings: The purpose of this section is to protect the public health, safety, and welfare of those who stay in short-term residential rentals and those who own or occupy neighboring properties in the City. Implementing the regulations set forth in this section related to short-term rental businesses will support this purpose. The City finds and concludes that these regulations are appropriate and lawful and are in the public interest and for the public good.

1199.03. - Definitions.

Subdivision 1. The following words and terms, when used in this section, shall have the following meanings unless the context clearly indicates or requires a different meaning:

Subd. 2. "Booking Service" means any reservation and/or payment service provided by a person or entity that facilitates a short-term rental transaction between a short-term rental host and a prospective short-term rental guest, and for which the person or entity collects or receives, directly or indirectly, through an agent or intermediary, a fee or compensation in connection with the reservation and/or payment services provided for the short-term rental transaction.

Subd 3. "City" means the City of Richfield.

Subd. 4. "Compensation" is remuneration or anything of economic value that is provided or promised or donated primarily in exchange for services rendered. This includes, but is not limited to, voluntary donations, and fee-sharing.

Subd. 5. "Director" means the Director of Public Safety or his or her designee.

Subd. 6. "Dwelling unit" means a room or group of rooms located within a building and forming a single habitable unit with facilities which are used or intended to be used for living, sleeping, cooking and eating by persons other than the owner or record regardless of familial relationship or whether rent or other compensation is paid to the owner.

Subd. 7. “Occupant” means any person renting a short-term rental.

Subd. 8. “Owner” means any person who, alone or with others, has title or interest in any building, property, dwelling, or portion thereof, with or without accompanying actual possession thereof, including any person who as tenant, agent, executor, administrator, trustee, or guardian of an estate has charge, care, control of any dwelling.

Subd. 9. “Person” means any individual, firm, corporation, association, governmental entity, or partnership and its agents or assigns.

Subd. 10. “Rental dwelling” means any dwelling used for residential occupancy for compensation by one or more persons who are not the owner.

Subd. 11 “Responsible Party” means an individual(s) with the legal authority to make and act on decisions of tenancy, building maintenance, complaints and repairs relating to applicable safety codes. The Responsible Party must be available as a point of contact for the City as well as any short-term rental guest(s) for the duration of the guest(s) stay in the short-term rental. A Responsible Party may also be the Owner of the property.

Subd. 12. “Short-term residential rental” means a rental dwelling or dwelling unit that is offered to transient guests for a period of less than thirty (30) consecutive days.

1199.05. – License Required.

Subdivision 1. No person, partnership, company, firm, corporation or other entity shall operate a short-term residential rental in the City without first obtaining a license pursuant to this section.

Subd. 2. Property owners may receive a short-term residential rental license for one property in the City in addition to their homesteaded property or their primary place of business.

Subd. 3. Exemptions. This section does not apply to the following:

- (a) Hotels;
- (b) Motels;
- (c) State-licensed residential care facilities;
- (d) Nursing homes.

1199.07 – Initial and Renewal Applications.

Subdivision 1. All applicants for an initial or renewal short-term rental license must submit an application on a form provided by the City. The form may be amended from time to time by the City. The application must include or be accompanied by all the information requested on the application form including:

- (a) Business Name, if applicable;
- (b) Short-term rental address and parcel ID;
- (c) Owner name, address, email address, and telephone number, and date of birth of the Owner;
- (d) Name and phone, or 24-hour contact information of Responsible Party;
- (e) Proof of Dept of Revenue registration for capture of lodging tax;
- (f) Certificate of Liability Insurance;
- (g) Names of booking services the Owner or Responsible Party will use to promote the short term rental;
- (h) A copy of a current government-issued photo ID;
- (i) Proof of dwelling inspection within the last two years; and
- (j) License application fee as established in the City's fee schedule.

Subd. 2. Background check. Short-term residential rental licenses are subject to criminal history background investigations performed by the Director.

Subd. 3. Changes in ownership. Licenses are not transferable to another person, entity or location. A new license is required if there is a change in the ownership of the rental dwelling or dwelling unit.

Subd. 4. License term. The term of the license is for one year and shall expire after the earlier of the date specified on the license or December 31 of the year the license was issued.

Subd. 5. Renewal applications. In addition to the items listed in subdivision 1 (a) – (j), renewal applications must also include the following:

- (a) documentation of the number of nights that were booked in the term of the last issued license;
- (b) the amount of rent that was paid to the owner or responsible party;
- (c) a copy of the guest register for the term of the last issued license;
- (d) proof of paid lodging tax from the City's Finance Department;
- (e) a list of any outstanding code enforcement complaints or violations,
- (f) proof of dwelling inspection within the last two years; and
- (g) authorization for the City to access the guest register.

Subd. 6. Approval and issuance. The City will act only on a complete application. A complete application means that the applicant has submitted all information required by this section and has paid the license or renewal fee as set forth in the City's fee schedule. The City shall not approve a license or renewal of license if any of the reasons for denial in subsection 1199.11 are true.

Subd. 7. Display of license number. Upon approval, the City will issue a license and associated license number to the applicant. The license number must be listed on any booking service advertisements of the rental dwelling or dwelling unit.

Subd. 8. Guest register. The owner or responsible party must continuously maintain a current register of guests and other persons who have a lawful right to occupy the rental dwelling or dwelling units. The register must be available for inspection by City officials or representatives at all times.

Subd. 9. No vested rights. Licenses granted for short term residential rentals constitute a revocable, limited right and nothing herein shall be construed as granting a vested property right.

Section 1199.09 – Inspections and Enforcement.

Subdivision 1. Short-term residential rentals are subject to inspections by authorized City officials to ensure compliance with applicable City Code provisions, including but not limited to the International Property Maintenance Code (IPMC), adopted pursuant to City Code Section 405.

Subd. 2. Authorized officials may enter the premises at any reasonable time. If the licensee objects to the inspection, the City official shall obtain an administrative search warrant before conducting the inspection.

Subd. 3. Short-term residential rentals are subject to an inspection at least once every two years or more frequently if determined necessary by the City based on complaints or non-compliance with applicable provisions of City Code or the IPMC.

Section 1199.11 – Basis for Denial.

The City shall not issue a license or renewal for any short-term residential rental if any of the following are true:

Subdivision 1. The applicant has not submitted a complete application;

Subd. 2. The applicant does not comply with the requirements of this section or any other applicable provision of the City Code;

Subd. 3. The short-term rental premises do not comply with the requirements of the housing code, IPMC, building code, or the fire code;

Subd. 4. The applicant has a felony conviction in the last five years, or a gross misdemeanor or misdemeanor involving the use of force, possession or sale of a controlled substance, prostitution, indecent conduct, or unlawful possession of firearms.

Subd. 5. The applicant is not current with property tax and assessments at the location of the short-term residential rental.

Section 1199.13 – Standards.

Subdivision 1. All dwelling units must post a floor plan indicating fire exit and escape routes in a conspicuous place.

Subd. 2. All dwelling units must have a properly maintained and charged fire extinguisher that is placed in an easily accessible location.

Section 1199.15 – License suspension or revocation.

Subdivision 1. The City may suspend or revoke a license for a violation of this section or any other applicable provision of the City Code or state or federal laws after reasonable notice and failure of the owner or responsible party to end the violation or take reasonable steps to ensure that the violation ends.

Subd. 2. Notice. The notice must include the alleged violations and inform the licensed owner they have a right to appeal. The City will deliver notice in person or by regular mail to the address of the licensed owner, or by electronic communications.

Subd. 3. Appeal. A licensee may appeal a suspension or revocation. An appeal must be in writing and delivered or mailed to the City within ten (10) calendar days of issuance of the notice or else the right to a hearing is waived. If no request for a hearing is received, the City may proceed with the suspension or revocation. If the City receives a timely request for a hearing, it will designate a hearing officer, which will be an impartial City employee, or an impartial person retained by the City to conduct the hearing.

Subd. 4. Decision. The hearing officer will issue a written decision to the appellant and the City within ten (10) business days of the hearing. The hearing officer's decision must identify their findings supporting the decision to either uphold the suspension or revocation or impose a different penalty.

Subd. 5. Costs. If the hearing officer upholds the suspension or revocation, the appellant must pay the city's actual expenses related to the hearing up to a maximum of \$1,000.00.

Subd. 6. Appeal of hearing officer. The final decision of the hearing officer is appealable by petitioning the Minnesota Court of Appeals for a Writ of Certiorari.

Section 1199.17 – Violations.

A violation of this section is a misdemeanor. Violations may also be subject to administrative citations and penalties under Section 325 of the City Code.

Section 1199.19 – No warranty.

By enacting this section, neither the City nor its officers, agents or employees warrant or guarantee the safety, fitness or suitability of any short-term residential rental in the City.

Owners and guests should take appropriate steps to protect their interests, health, safety and welfare.

SECTION 2. SEVERABILITY. Every section, provision and part of this ordinance is declared severable from every other section, provision and part thereof. If any section, provision or part of this ordinance is held to be invalid by a court of competent jurisdiction, such judgment shall not invalidate any other section, provision or part of this ordinance.

SECTION 3. EFFECT. This ordinance will be effective in accordance with Section 3.09 of the City Charter.

Adopted by the City of Richfield this ____ day of _____, 2025.

Mary Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



Report Prepared By:
Zach McCarty, Solid Waste Specialist

Department Director:
Karl Huemiller, Recreation Director

Item for Consideration:
Consider the second reading and hold a Public Hearing for an ordinance amending section 601 of the Richfield City Code of ordinances pertaining to solid waste disposal, collection, and hauling.

EXECUTIVE SUMMARY

Current garbage code is based on language and definitions adopted in the 2021 residential organized collection contract. Since adoption of changes in 2022, additional language was determined to be necessary to clarify solid waste duties of non-residential properties and multifamily properties to ensure buildings are in compliance with Hennepin County Ordinance 13. Language requiring specific per-unit recycling volumes in multifamily properties was also deemed necessary to ensure compliance with Hennepin County Ordinance 13's 'adequate recycling' requirement for multifamily properties. Inclusion of this language ensures all Richfield residents are given the same access to the benefits of reducing dependency on garbage containers and will allow property owners increased access to assistance programs run by Hennepin County.

The August 12 meeting action set a public hearing for August 26. Though legal counsel and city staff have confirmed that a public hearing is not required by statute for this code change as it does not include zoning, variances, or other situations for which a public hearing is required, a Public Hearing is scheduled for this item for the purpose of receiving public comment.

HISTORICAL CONTEXT

Over the past two years, staff and interns have worked to conduct a citywide inventory of multi-unit property solid waste services and determine the capacity levels present onsite. This study showed a few buildings had no recycling and many had what would be considered insufficient capacity (i.e. a 96 gallon cart for 10 units). When staff worked with property managers, they would usually provide the bare minimum they could to be in compliance with code, but no more than that. City staff have been unable to help provide more education and outreach around recycling because there is not enough capacity to recycle at these sites.

Hennepin County ordinance language includes phrasing around adequate capacity required for recycling, but City staff were unable to enforce county ordinance and City code did not contain the same language. This inability to enforce county ordinance continues to result in properties being ineligible for County grants, technical assistance, and special disposal programs that all require buildings to be full compliance with

Ordinance 13. These things combined present the opportunity to strengthen Richfield's multi-unit code requirements and communicate said requirements to haulers while helping residents obtain adequate service. Code enforcement staff have reviewed and approved of the proposed changes.

RECOMMENDED ACTION

Conduct and close the public hearing and by motion:

1. **Approve the second reading of the ordinance adopting the amendments to Section 601 of the City Code**
2. **Approve a resolution authorizing summary publication of the ordinance.**

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Access to services is key for all residents, whether they are able to call their hauler and request service changes or not. Residents who live in apartments are not able to change recycling service levels if needed, and rely on the property manager to do so. This can and has resulted in the bare minimum (one recycling cart) being provided for numerous units in a complex, which is insufficient service. For context, single-family homes in Richfield typically contract for approximately 32 to 43 gallons of recycling per week in contrast to the 15 to 20 found on average in multifamily complexes in Richfield and surrounding cities. Additionally, many apartment buildings in Richfield are in census tracts that have been historically designated as environmental justice areas (identified by lower median income and higher percentages of BIPOC residents).

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

- Section 601 of the Richfield City Code pertains to Solid Waste Disposal, Collection, and Hauling.
- Hennepin County Ordinance 13 details multi-unit recycling requirements that cities need to abide by, and include in their own code to be able to enforce.

CRITICAL TIMING ISSUES

Staff have been working to complete these changes and start communicating with property managers as soon as possible.

FINANCIAL IMPACT

There could be a slight increase in the amount of staff time needed to enforce code, which will be done on a complaint basis. For building owners/managers, increased participation in recycling, including bulky item pick-ups, could result in downsizing trash dumpsters and saving money. Owners/managers can also see increased opportunities to access grant funding and free/reduced bulky item services from Hennepin County.

LEGAL CONSIDERATIONS

The City Attorney has reviewed the ordinance and approves of its contents.

The August 12 meeting action set a public hearing for August 26. Since then, legal counsel and city staff have confirmed that a public hearing is not required by statute for this code change as it does not include zoning, variances, or other situations for which a public hearing is required. Though a published public hearing notice is not required,

State Statute 415.19 requires proposed ordinances be posted at least 10 days prior to the City Council meeting at which the proposed ordinance is scheduled for a final vote. Staff posted the proposed ordinance amendment on the City of Richfield website on August 12.

ALTERNATIVE RECOMMENDATION(S)

The City Council may decide to not approve the final reading of the ordinance and direct staff how to proceed.

ATTACHMENTS

- 1. Ordinance_Amending_Solid_Waste_Code_Aug_2025
- 2. 2025-08-26 Resolution XXXXX Summary Publication

BILL NO. _____

**AN ORDINANCE AMENDING SECTION 601 OF THE
RICHFIELD CODE OF ORDINANCES PERTAINING TO
SOLID WASTE DISPOSAL, COLLECTION, AND HAULING**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1. Sub-section 601.01 of the Richfield Code of Ordinances is hereby amended by adding the new subdivision 6 with the double-underlined language below and re-numbering other subdivisions as necessary such that the definitions are in alphabetical order:

Subd. 6. "Commercial building." Any building, or portion of a building, containing one or more commercial establishments that is subject to the requirements of the building and fire codes approved for an occupancy use other than residential occupancy.

Section 2. Sub-section 601.01 of the Richfield Code of Ordinances is hereby amended by adding the new subdivision 12 with the double-underlined language below and re-numbering other subdivisions as necessary such that the definitions are in alphabetical order:

Subd. 12. "Dwelling unit." One or more rooms physically arranged so as to create an independent housekeeping establishment for occupancy by one household with separate toilets and facilities for cooking and sleeping.

Section 3. Sub-section 601.01 of the Richfield Code of Ordinances is hereby amended by adding the new subdivision 20 with the double-underlined language below and re-numbering other subdivisions as necessary such that the definitions are in alphabetical order:

Subd. 20. "Multifamily residential building." Any residential building consisting of four or more dwelling units, for purposes of this Section 601.

Section 4. Subdivision 21 of sub-section 601.01 of the Richfield Code of Ordinances is hereby amended by adding the following double-underlined language and deleting the following ~~struckthrough~~ language below:

Subd. 21. "Non-residential dwelling unit" or "non-RDU". Properties other than RDUs consisting of multi-family residential buildings, residential dwellings in homeowners associations, and commercial, industrial, and institutional ~~establishments~~ buildings that contract directly for their own solid waste collection services, and properties owned by persons or occupants who have received City approval to opt-out of base level solid waste collection services. Home occupations

operating in a one-, two-, or three-unit building within the City are not commercial establishments ~~buildings~~ for the purposes of this definition and must comply with all duties of RDU occupants described in subsection 601.07. including utilizing the base level solid waste collection services from a solid waste hauler as contracted by the City.

Section 5. Sub-section 601.03 of the Richfield Code of Ordinances is hereby amended by deleting the following ~~struckthrough~~ language below:

601.03. City hauling license required for RDUS and non-RDUS.

No person shall engage in the business of solid waste collection services ~~for RDUs or non-RDUs~~ in the City unless all federal, state, county, and City requirements are met and all necessary approvals, permits, and licenses are secured.

Section 6. Sub-section 601.05 of the Richfield Code of Ordinances is hereby amended by deleting the following ~~struckthrough~~ language below:

601.05. Contract required for hauling solid waste from RDUS.

All solid waste collected, conveyed, and disposed of by haulers for RDUs shall be pursuant to a written contract with the City that shall specify the hauling districts, base level solid waste collection services, collection hours, additional collection services for residents, extended leave or "snowbird" policies, cart ownership, organics collection, overflow trash policies, and any other details required by the City for any and all solid waste collection services. No person or entity shall engage in the business of solid waste collection services for RDUs in the City unless it is pursuant to a contract with the City. ~~All previous private contracts between solid waste haulers and RDUs shall be considered null and void on October 4, 2021.~~

Section 7. Sub-section 601.07(4) of the Richfield Code of Ordinances is hereby amended by adding the following double-underlined language and deleting the following ~~struckthrough~~ language below:

601.07. Duties of all RDUs and non-RDUS generally.

It shall be the joint and several responsibility of every occupant of an RDU and non- RDU to perform the following duties:

...

(4) Set out yard waste in either a compostable bag or yard waste cart at curbside for collection by a hauler, self-hauled, or removed by a lawn or landscape business. If yard waste is self-hauled, it shall be taken in a sanitary manner to a

county- or City-approved site. If yard waste is kept ~~on the site of an RDU or non-RDU on-site~~, it is subject to the private composting requirements in this section.

...

Section 8. Sub-section 601.09(1) and (2) of the Richfield Code of Ordinances is hereby amended by adding the following double-underlined language and deleting the following ~~struckthrough~~ language below:

601.09. Specific duties of RDU occupants.

In addition to the duties described in subsection 601.07, it shall be the joint and several responsibility of every occupant of an RDU to perform the following duties:

(1) Utilize the base level solid waste collection services from a solid waste hauler as contracted by the City. No occupant of an RDU shall dispose of solid waste in a cart that is not on their property. If an occupant of an RDU wishes to self-haul, the occupant shall first obtain approval from the City using the process and form provided by the City to apply for permission to self-haul any solid waste. The form shall require proof to the City of the regular disposal of solid waste at a disposal facility or facilities approved by the City and the county. Occupants of RDUs approved for self-hauling are required to dispose of their solid waste as specified on their individual form as approved by the City and otherwise are required to comply with the duties of RDU occupants described in subsection 601.07.

(2) ~~Follow the City's and hauler's~~ City and hauler guidelines and instructions for storing, disposing of, and setting out all solid waste, including placement of trash and recyclables in appropriate carts for each type of solid waste with the lid fully closed. Carts must be placed for curbside collection adjacent to the street or alley, unless the RDU has been approved for walk-up service collection. Solid waste shall be set out at ground-level and not obstruct the roadway. All solid waste must be set out and collected such that no solid waste is left adjacent to the street or alley after collection.

...

Section 9. Sub-section 601.11 of the Richfield Code of Ordinances is hereby repealed in its entirety and replaced with the double-underlined language below:

601.11. Specific duties of multi-family residential buildings.

In addition to the duties described in sub-section 601.07 and sub-section 544.05 of the Richfield Zoning Code, it shall be the responsibility of each multi-family residential building and its owner or management to ensure:

(1) Solid waste from a multi-family residential building shall be collected no less than once each week and as often as once each business day if necessary to protect public health.

(2) In accordance with Minnesota Statutes, Section 115A.552 and Hennepin County Ordinance 13, available space for the collection of recyclable materials shall be sufficient to contain all recyclable materials generated from the building.

(3) Weekly service capacity for recyclable materials shall be a minimum of .09 cubic yards per residential dwelling unit, or one cubic yard per 11 dwelling units.

(4) In accordance with Hennepin County Ordinance 13, separate, labeled bins for the disposal of recyclable material shall be located in close proximity to the collection point for garbage.

(5) In accordance with Hennepin County Ordinance 13, instructions related to the collection of solid waste within the building shall be distributed in print or electronic form annually to each tenant located at the premises. Instructions must detail location of collection points, accepted recyclable materials, and, if provided, accepted organic materials. In the case of a service change, the responsible party shall offer new instructions no later than 30 days after the change.

(6) Upon written request from the city, information related to sub-section 601.11(1) through (5) shall be provided to the city in written form or through a site inspection.

Section 10. Section 601 of the Richfield Code of Ordinances is hereby amended by adding the new sub-section 601.13 with the double-underlined language below and re-numbering other sub-sections as necessary:

601.13. Specific duties of non-RDUs other than multi-family residential buildings.

In addition to the duties described in sub-section 601.07, it shall be the joint and several responsibility of every occupant of a non-RDU other than multi-family residential buildings, as described in sub-section 601.11, to perform the following duties:

(1) Arrange for the collection of solid waste by a hauler pursuant to a private contract that provides for at least weekly collection of the same in an approved disposal facility that has been approved by the City and the county.

(2) Follow the City's guidelines and instructions for RDUs related to storing, disposing of, and setting out all solid waste, including placement of solid

waste in suitable and sufficient carts or receptacles with tight fitting covers and with the lid fully closed.

(3) Place carts or containers at curbside no more than 12 hours before, but no later than, the onset of the collection hours on collection day and remove the containers by the end of collection day.

(4) Follow the County's guidelines and instructions for commercial, industrial, and institutional buildings and establishments related to the collection of recyclable materials as outlined in Hennepin County Ordinance 13.

Section 11. Sub-section 601.19 of the Richfield Code of Ordinances is hereby amended by deleting the following ~~struckthrough~~ language below:

601.19. Collection vehicles used for hauling.

All haulers shall collect solid waste from ~~RDU~~s and ~~non-RDU~~s in appropriate vehicles approved by the City and shall be equipped to meet all federal, state, county, and City laws, statutes, regulations, ordinances, policies, and contracts concerning vehicles used on City streets and alleys and maintained to meet those standards.

Section 12. Subdivision 1 of sub-section 601.21 of the Richfield Code of Ordinances is hereby amended by adding the following double-underlined language and deleting the following ~~struckthrough~~ language below:

601.21. Hauling license application and renewal.

Subdivision 1. Except for solid waste hauling pursuant to sub-section 601.05, A-a City license is required for all haulers of solid waste operating in the City ~~for RDU~~s and ~~non-RDU~~s.

...

Section 13. Sub-section 601.27 of the Richfield Code of Ordinances is hereby amended by adding the following double-underlined language and deleting the following ~~struckthrough~~ language below:

601.27. Hauler service and reporting requirements.

Subdivision 1. Every hauler shall provide recycling service to each ~~RDU~~ or ~~non-RDU~~ customer from whom solid waste is collected.

Subd. 2. Every hauler shall report to the City's ~~Sustainability~~ Solid Waste Specialist, within 30 days after the end of each calendar year, all weight receipts received from the county for solid waste collected from RDU in the City. All

haulers shall report any tonnage information requested by City staff as part of the license renewal application.

Subd. 3. No hauler shall dispose of solid waste upon any lands in the City, except at an approved disposal site, such as a transfer station, county and City approved site, or waste processing facility. An approved disposal site in the City is a site for disposal of solid waste approved by the City, licensed by the county in accordance with Minnesota Statutes, section 473.811, subdivision 5a and operated and conducted in accordance with all federal, state, county, and city requirements. This Section shall not be construed as limiting the disposal of solid waste to sites only within the City or the county.

~~Subd. 4. Every hauler shall comply with all requirements of this Section.~~

Subd. ~~5~~4. Every hauler for RDUs shall comply with all federal, state, county, and City laws, statutes, regulations, ordinances, policies, and contracts.

Section 14. Sub-section 601.33 of the Richfield Code of Ordinances is hereby amended by deleting the following ~~struckthrough~~ language below:

601.33. Penalty.

Violation of any provision of this Section shall be a misdemeanor. Civil penalties may also be issued pursuant to ~~Section 12.15~~ of the City Charter and ~~Section 1.19~~ of this Richfield Code of Ordinances. Nothing in this Section shall be constructed to limit the City's other available legal remedies for any violation of the law, including without limitation, criminal, civil and injunctive actions.

Section 15. Sub-section 601.37 of the Richfield Code of Ordinances is hereby amended by adding the following double-underlined language and deleting the following ~~struckthrough~~ language below:

601.37. Delinquent RDU accounts.

Subdivision 1. Each RDU owner or its duly authorized property manager paying for collection of solid waste and for other collection services, must pay the total amount set forth in the bill on or before the due date listed on the bill. Failure to make payment by the due date listed on the bill will result in a late fee assessment of five percent (5%) per month of the total amount due and owing.

Subd. 2. Accounts shall be considered delinquent when any portion of the balance due exceeds thirty (30) days past the original due date.

Subd. 3. By August 1st of each year, haulers must submit all unpaid RDU balances greater than one hundred dollars (\$100.00) to the City, along with documentation of the hauler's hauler's efforts to collect. City staff will verify the

~~accuracy of the unpaid balance and send the unpaid balances list to the City Finance Department for processing. If any RDU makes payment on a delinquent account after August 1 and before the City sends assessment letters in September, the hauler will notify the City of the amounts paid.~~

Subd. 4. ~~The Finance Department~~ City will prepare an assessment roll for the delinquent amounts and will schedule a public hearing with the City Council in October of each year for adoption of the assessment roll.

Subd. 5. If, prior to or following the public hearing, ~~any~~ hauler receives payment on any delinquent RDU account, the hauler will notify the City of the amounts paid.

Subd. 6. After the public hearing in October, the City will reimburse the haulers for their respective total of delinquent amounts to be assessed by the City. ~~After the public hearing, any payments received by the haulers on delinquent accounts must be submitted to the City.~~

Subd. 7. ~~The City Finance Department~~ will accept track payments on delinquent accounts up until November 15 of each year. Thereafter, the City will certify all remaining delinquent charges to Hennepin County for assessment and collection along with property taxes.

Subd. 8. The City reserves the right to change its assessment procedure described in this Section. The City will communicate any changes in its assessment procedure to the haulers in advance of the changes.

Section 16. This ordinance will be effective in accordance with Section 3.09 of the City Charter.

Adopted by the City of Richfield this ___ day of _____, 2025.

Mary Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

RESOLUTION NO. XXXXX

**RESOLUTION APPROVING SUMMARY PUBLICATION
OF AN ORDINANCE AMENDING SECTION 601 OF THE RICHFIELD CITY CODE
PERTAINING TO SOLID WASTE DISPOSAL, COLLECTION, AND HAULING**

WHEREAS, the City has adopted the above-referenced amendment of the Richfield City Code; and

WHEREAS, the verbatim text of the amendment is cumbersome, and the expense of publication of the complete text is not justified;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Richfield that the following summary is hereby approved for official publication:

**SUMMARY PUBLICATION
BILL NO. 2025-xx**

AN ORDINANCE AMENDING SECTION 601 OF THE CITY CODE

This summary of the ordinance is published pursuant to Section 3.12 of the Richfield City Charter.

This ordinance, which amends City Code Section 601: Solid Waste Disposal, Collection, and Hauling, related to Hennepin County Ordinance 13 detailing multi-unit recycling requirements that cities need to abide by, and include in their own code to be able to enforce.

Copies of the ordinance are available for public inspection in the City Clerk's office during normal business hours or upon request by calling the City Clerk at 612-861-9739.

Adopted by the City Council of the City of Richfield, Minnesota this 26th day of August, 2025.

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



Report Prepared By:

Mark McKinley, Administrative Assistant

Department Director:

Katie Rodriguez, City Manager

Item for Consideration:

Consideration of the appointment of youth commissioner to City advisory board/commissions.

EXECUTIVE SUMMARY

City advisory commission terms for youth members are for one year and terms expire on August 31, 2025. The City Manager’s office conducted a recruitment seeking applicants to fill the youth vacancies for 2025-2026. This recruitment included information on the City’s website, Facebook page, and communication with the local high schools.

Applications received were forwarded to Council for review.

HISTORICAL CONTEXT

RECOMMENDED ACTION

By motion: Approve the appointment of Rose Thompson to the Sustainability Commission as a youth commissioner.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Youth commissioners bring lived experiences and perspectives that are often missing in decision making. Appointing youth commissioners ensures policies and programs are shaped by those directly impacted.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

City advisory commissions were established by City ordinance or resolution.

CRITICAL TIMING ISSUES

Terms of City advisory commission youth members expire on August 31, 2025.

FINANCIAL IMPACT

LEGAL CONSIDERATIONS

ALTERNATIVE RECOMMENDATION(S)

The City Council may choose to defer the appointments to a future City Council meeting; however, this would leave vacancies on the board/commissions.

ATTACHMENTS

1. Youth commission vacancies - 2025

Youth commission vacancies - 2025

Advisory Board of Health	1 youth vacancy
Arts Commission	1 youth vacancy
Community Services Commission	2 youth vacancies
Human Rights Commission	2 youth vacancies
Sustainability Commission	2 youth vacancies
Transportation Commission	2 youth vacancies