



Richfield Economic Development Authority

Agenda

May 18, 2026 -- 7:15 PM

Note: Meeting begins immediately following HRA Meeting

Richfield Municipal Center
Council Chambers
6700 Portland Avenue South

1. **Call to Order**
2. **Roll Call**
3. **Open Forum**
 - a. 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 Economic Development Authority Agenda and Minutes page on the [City's Website](#).
4. **Approval of the Agenda**
5. **Approval of Minutes**
 - a. **Approval of the Minutes of the Regular Economic Development Authority meeting of April 20, 2026.**
6. **Presentations**
7. **Consent Calendar**

Consent Calendar contains several separate items, which are acted upon by the Economic Development Authority in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further EDA action on these items is necessary. However, any EDA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for discussion and action. All items listed on the Consent Calendar are recommended for approval.
8. **Consideration of Items, if Any Removed From Consent Calendar**
9. **Public Hearings**
10. **Resolutions**
 - a. **Consideration of revisions to the Transformation Loan Program Guidelines and consideration of a resolution authorizing additional funds for the 2026 Transformation Loan Program.**
11. **Other Business**
12. **Executive Director's Report**
13. **EDA Discussion Items**
14. **Approval of Claims**
15. **Adjournment**

Auxiliary aids for individuals with accessibility needs 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 EDA agenda packet located by the entrance. The complete EDA agenda packet is available electronically on the [City of Richfield's website](#).



ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota
Regular Meeting
April 20, 2026

1. CALL TO ORDER

President Hanson called the meeting to order at 7:20 p.m. in the Council Chambers.

2. ROLL CALL

EDA Present: Gordon Hanson, President; John Young; Sean Hayford Oleary; and Brett Stursa.

EDA Excused: Mary Supple.

Staff Present: Melissa Poehlman, Executive Director; Jan Youngquist, Economic Development Manager; and Michelle Friedrich, City Clerk.

3. OPEN FORUM

President Hanson gave instructions on how to participate in the open forum. No residents participated in the public comment opportunity.

4. APPROVAL OF THE AGENDA

MOTION: made by Stursa, seconded by Young to approve the agenda as presented.
Voting aye: Hanson, Young, Hayford Oleary, and Stursa.

Motion carried: 4-0

5. APPROVAL OF MINUTES

MOTION: made by Young, seconded by Stursa, to approve the Minutes of the Regular Economic Development Authority meeting of March 16, 2026.

Voting aye: Hanson, Young, Hayford Oleary, and Stursa.

Motion carried: 4-0

6. PRESENTATIONS

None.

7. CONSENT CALENDAR

Executive Director Poehlman presented the Consent Calendar.

- a. Consider a resolution supporting an application for Hennepin County Business District Initiative Program grant funds for wayfinding and placemaking projects downtown and authorizing the Executive Director to execute any associated agreements.

**RESOLUTION NO. 67
SUPPORTING AN APPLICATION FOR HENNEPIN COUNTY BUSINESS DISTRICT
INITIATIVE PROGRAM GRANT FUNDS AND AUTHORIZING THE EXECUTIVE DIRECTOR
TO EXECUTE ANY ASSOCIATED AGREEMENTS**

MOTION: made by Young, seconded by Stursa to approve the Consent Calendar item 7a as presented.

Voting aye: Hanson, Young, Hayford Oleary, and Stursa.

Motion carried: 4-0

8. CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR

None.

9. PUBLIC HEARINGS

None.

10. RESOLUTIONS

None.

11. OTHER BUSINESS

None.

12. EXECUTIVE DIRECTOR'S REPORT

Executive Director Poehlman noted that the Business Resiliency Fund has been launched. She stated that 26 applications are currently in the pre-screening phase, with additional secondary review and loan processing underway. She also noted that staff have been distributing flyers to local businesses to promote the program.

13. EDA DISCUSSION ITEMS

The EDA Commission expressed excitement for the Business Resiliency Program.

14. APPROVAL OF CLAIMS

<u>U.S. BANK</u>	<u>March 16, 2026</u>
EDA Check (Check #'s 23867-23887)	\$33,399.00
TOTAL	\$33,399.00

<u>U.S. BANK</u>	<u>April 20, 2026</u>
EDA Check (Check #'s 23888-23906)	\$14,731.25
TOTAL	\$14,731.25

MOTION: made by Young, seconded by Stursa, to approve claims as presented.
Voting aye: Hanson, Young, Hayford O'leary, and Stursa.

Motion carried: 4-0

15. ADJOURNMENT

This meeting was adjourned by unanimous consent at 7:25 p.m.

Date Approved: May 18, 2026

Gordon Hanson
EDA President

Michelle Friedrich
City Clerk

Melissa Poehlman
Executive Director



Report Prepared By:

Celeste McDermott, Housing Specialist

Hilary Lovelace, Housing Specialist

Department Director:

Melissa Poehlman, Community Development Director

Item for Consideration:

Consideration of revisions to the Transformation Loan Program Guidelines and consideration of a resolution authorizing additional funds for the 2026 Transformation Loan Program.

EXECUTIVE SUMMARY

The Transformation Loan Program (Program) provides a financial incentive to homeowners initiating major remodeling of their homes to meet their housing needs. Major remodeling projects are defined as exceeding \$50,000 in cost. The intent of the Program is to incentivize major remodeling, increase the function and livability of small or outdated homes, and increase the range of housing options available to households who want to live or remain in Richfield. In 2023, the Program Guidelines were revised to further incentivize projects that meet City priorities to increase density, promote energy efficiency, and enhance physical accessibility in homes.

Program evaluation completed in 2025 found that the overall cost of projects funded through the Program has increased over time. As project costs have risen, the loan has represented a smaller share of total project expenses, reducing its effectiveness as a financial incentive, especially for households with higher incomes. While the goals of the Program remain unchanged, updates to the Program Guidelines are proposed to better achieve those goals in response to changing housing conditions and demographics in Richfield.

The following changes to the Program Guidelines are proposed to improve equity, efficiency, and alignment with City priorities:

- Establish income limits, property value limits, and maximum project cost thresholds to ensure loan funds serve as a meaningful incentive and are targeted toward households with greater financial need and homes with greater needs;
- Clarify guideline language related to eligible improvements and the application review process to improve consistency and transparency for applicants;
- implement a designated application period in place of the current first-come, first-served process. This change will provide applicants with a defined timeframe to submit materials and allow all applications to be compared fairly. The application period will also improve staff's ability to plan for and administer the program efficiently and help focus Economic Development Authority (EDA) resources on City priorities, and
- Establish formal scoring criteria to evaluate applications consistently based on

compliance with program guidelines and alignment with city priorities.

Additionally, staff is requesting an increase of \$17,500 for the 2026 Transformation Loan Program. Due to several approved 2025 loans not being completed, the amount of funding available to commit in 2026 was reduced. The additional funding would allow the remaining 2026 applicant, whose project includes aging-in-place accessibility improvements, to receive the full approved loan amount and complete the project this year.

RECOMMENDED ACTION

By Motion:

- 1. Approve the recommended revisions to the Transformation Loan Program Guidelines.**
- 2. Approve the resolution authorizing additional funds for the Transformation Loan Program in the 2026 Economic Development Authority Budget.**

HISTORICAL CONTEXT

- The Transformation Loan provides a financial incentive to homeowners initiating major remodeling of their homes to meet their housing needs. Major remodeling projects are defined as exceeding \$50,000 in cost. These projects are eligible for an incentive loan equal to 15% of the project cost, not to exceed \$25,000. The loan is a no-interest, no-payments loan that is due and payable when the homeowner sells their home or is forgiven after 30 years.
- In 2023, additional incentives were added to projects that included an ADU, duplex conversion, or significant accessibility or energy efficiency upgrades.
- In 2025, program evaluation showed that project valuations have increased over the years. It also identified several "next steps" to undertake for improving the Program.
- In the administration of the 2026 Transformation Loan Program, five loans were approved. However, the final application was only approved for a partial loan due to limited funding available.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- Approval of the revised Program Guidelines furthers several Strategic Plan priorities and outcomes, including a diversified tax base and prioritizing climate resilience.
- The guideline revisions prioritize projects that make physical accessibility improvements, expanding housing choices for seniors and people with disabilities.
- Approval of additional funding would allow the applicant to receive the full loan amount, complete the project in 2026, and would expand housing choice for people with limited physical abilities.

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

- The Comprehensive Plan promotes the rehabilitation and upgrade of the City's

housing stock and a full range of housing choices that meets residents' needs and ensures a healthy balance of housing types for a diverse population.

- Several policy goals are met with the proposed guideline revisions: the 2023-2026 Strategic Plan includes climate resiliency and equity and inclusion as priority goals and the targets of the City's Climate Action Plan include reducing high energy burden, increasing the use of renewable energy, and encouraging energy efficiency.
- Specific updates to the Guidelines include:
 - Requirement that the estimated total value of the property be under 120% of the City's assessed median value for detached, homesteaded homes. The current median home value is \$335,689, so homes valued over \$402,000 would be ineligible for a loan. This measure would cover 91% of homes in Richfield.
 - Requirement that household income be at or below 200% of Area Median Income (AMI), adjusting for household size. The maximum household income would increase to 250% AMI for priority projects that include ADUs, duplex conversions, accessibility and energy-efficient upgrades.
 - Requirement that total project cost fall below \$200,000 unless the project includes an ADU, duplex conversion, significant accessibility or energy-efficient upgrades.
 - Restriction on providing loans to remodel homes built in the last 30 years or spaces that have been remodeled in the last 10 years, unless there's been damage to the space or accessibility accommodations are being made.
 - Newly created scoring criteria that prioritizes projects that diversify the housing stock through adding finished square footage and adding bedrooms and bathrooms to smaller homes.

CRITICAL TIMING ISSUES

- In preparation for the 2027 Transformation Loan cycle, staff need to begin planning program marketing and updates to application materials.
- An applicant for the 2026 Transformation Loan Program was not able to receive full funding due to limited funding. Approval of the additional funding would allow the applicant to complete the project in 2026.

FINANCIAL IMPACT

- The EDA has currently budgeted \$140,000 for the 2026 Transformation Loan Program. All 2026 loan funds have been committed, and \$17,500 in additional funding is being requested in order to fully fund the final application approved.
- Funds are available in the EDA General Fund to meet the request.

LEGAL CONSIDERATIONS

- The EDA attorney has reviewed the proposed changes.

- The terms and conditions of the loan remain the same.

ALTERNATIVE RECOMMENDATION(S)

- The EDA may choose to not approve the recommended revisions to the Transformation Loan Program Guidelines.
- The EDA may choose not to increase the funding allocated to the Program.

ATTACHMENTS

1. 051826 Resolution Transformation Loan Budget Increase
2. 2026 Transformation Loan Guidelines- redlined FINAL
3. Scoring rubric
4. Program Evaluation - Transformation Loan

EDA RESOLUTION NO. 68

**RESOLUTION AUTHORIZING INCREASE IN 2026 BUDGET FOR
TRANSFORMATION LOAN PROGRAM FROM \$140,000 TO \$157,500**

WHEREAS, the Richfield Economic Development Authority (the “EDA”) administers the Transformation Loan Program (the “Program”) to provide a financial incentive to homeowners undertaking significant remodeling projects to help improve and maintain an aging housing stock, diversify the housing stock, and increase housing values; and

WHEREAS, the EDA budgeted \$140,000 for the Program in 2025 and again in 2026; and

WHEREAS, the EDA approved five Transformation Loans (the “Loans”) in 2025, but three of the loans were not completed in 2025 and will need to be paid out of the 2026 budget, thereby reducing the amount of funding available in 2026 by \$34,000; and

WHEREAS, unspent Program funds from previous years remain in the EDA General Fund; and

WHEREAS, significant demand exists for the program and adding \$17,500 in funds to the 2026 Program budget will allow the EDA to meet the demand for the Program

NOW, THEREFORE, BE IT RESOLVED

1. The EDA authorizes staff to spend up to an additional \$17,500 in EDA General Levy funds for the Transformation Loan Program in 2026.
2. The EDA directs staff to provide the additional funds in the EDA’s 2026 Revised Budget.

Adopted by the Richfield Economic Development Authority this 18th day of May, 2026.

Gordon Hanson, President

ATTEST:

John Young, Secretary

TRANSFORMATION HOMES

PROGRAM GUIDELINES FOR STAFF ADMINISTRATION

REVISED: ~~June~~ 2023

Revised:

May 2026

June 2023

February 2017

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TRANSFORMATION HOMES PROGRAM GUIDELINES

The Transformation Homes Program Guidelines have been developed as a tool for guiding program administration. This document should not be interpreted as constituting any contractual agreement or liability by the City or EDA.

Statement of Purpose

To help improve and maintain an aging housing stock by providing financial and technical assistance to homeowners so they may make home improvements and undertake expansions to accommodate their housing needs.

Program Objectives

- To provide an incentive to homeowners or home buyers for initiating major remodeling on their homes to meet their housing needs.
- To increase the function and livability of small or outdated Richfield homes, and.
- To increase the range of housing options available to individuals and families who want to live or remain in Richfield.

Criteria for Program Eligibility

In order for a project to be eligible for a Transformation Homes Loan, certain conditions must be met.

1. Gross annual household income must not exceed 200% of the most current Twin Cities Area Median Income (AMI). For projects that include an ADU, duplex conversion, significant energy efficiency or accessibility upgrades, gross annual income must not exceed 250% of the AMI.

4.2. Property valuation for the most current year must be assessed at 120% or lower than the median assessed valuation for homesteaded single family homes in Richfield.

2.3. Project costs for remodeling improvements must be a minimum of \$50,000 (not including maintenance and repair, described below) ~~or more~~ and a maximum of \$200,000. Projects that include significant energy efficiency or accessibility upgrades have a maximum project cost of \$300,000. Projects that include an ADU or; duplex conversion do not have a maximum project cost.

3.4. The Project must include an interior value-added component, and meet program objectives and eligibility requirements.

4.5. Each home shall be an owner-occupied detached single-family or two-family dwelling.

~~Exceptions to this may be approved by the EDA.~~

5.6. No work may have commenced on the proposed project before the application has been approved and loan paperwork executed if application is being made under the Transformation Homes Program. Nor may any completed work be considered.

Eligible Improvements

Eligible improvements include:

- a.) Value-added improvements, such as: additions, finishing ing basements unfinished spaces, remodelings to difficult to use or substandard spaces, including kitchens and bathrooms ~~kitchen and bathroom remodels, fixing dysfunctional floorplans;~~
- b.) Maintenance and repair, such as roof replacement, electrical or plumbing improvements, or cosmetic updating such as painting or wall-to-wall carpeting, when done in conjunction with value-added improvements, as long as value-added improvements meet or exceed the \$50,000 minimum project value;
- c.) Energy efficiency and accessibility related upgrades; when done in conjunction with value added improvements;
- d.) Accessory Dwelling Units;
- e.) Conversion of a single-family home to an owner-occupied duplex; and
- f.) Any other improvements as determined by the EDA.

Non-eligible improvements include:

- a.) Swimming pools, hot tubs and greenhouses;
- ~~b.)~~ Decorative landscaping.
- ~~b.)~~ Remodeling of homes that were built in the last 30 years or of spaces that have recently been remodeled in the last 10 years, unless there are demonstrated accessibility issues or damaged conditions.

The following requirements apply to all Transformation projects:

- a) The project must meet all Building and Zoning Code requirements.
- ~~a)~~ b) At a minimum, off-street paved parking must be provided on the site in accordance with the zoning code.
- ~~b)~~ c) A minimum of ~~T~~three ~~and four~~ bedrooms on the property homes as a result of remodeling are is preferred. However, a minimum of two finished bedrooms and space for a third bedroom that could be easily finished will be acceptable.
- ~~c)~~ d) Two full bathrooms on the property as a result of remodeling are preferred. However, a minimum of one full bath and a 1/2 bath roughed-in will be acceptable.
- ~~d)~~ e) House design, ~~and~~ appearance, and functionality are is a critical concerns to the EDA. The house building lines, window placement, and orientation to street must present a balanced and pleasing view from all sides. Garage door dominance in design must be minimized. Blank walls without windows or doors are not allowed. Roof line variation will be reviewed.
- ~~e)~~ f) If exterior work is included, exterior materials should be low maintenance. Masonite siding materials are not acceptable.

Conditions of About the Loan

1. The Transformation Loan will be calculated at 15% of the project cost as determined by the EDA, not to exceed \$25,000, with the following exceptions:
 - a. Projects that include energy efficiency improvements or accessibility improvements totaling at least \$10,000 will be eligible for additional funding up to \$2,500. Energy efficiency improvements must include items from multiple categories such as materials, heating and cooling, appliances, electrical systems, and weatherization; subject to approval by the Housing Specialists. Calculations of project costs must account for any additional subsidies or financial assistance already received or anticipated.
 - b. For ADU or duplex projects, loan amount will be calculated at 20% of the eligible project costs, not to exceed \$30,000.
2. Loan funds are available on a limited basis. The EDA is not responsible for the unavailability of Loan funds to Homeowner.
3. All aspects of the project must be completed within a reasonable period of time such that all the work may be considered part of one project. Funding cannot be guaranteed for projects that are not completed within one year of the loan date.
4. Sweat equity may be allowed. -The estimated loan amount would be the combination of contractor and materials cost, but cannot include the value of homeowner labor or equipment purchases.- Sweat equity projects must be completed within one year. Material costs must be tabulated in a spreadsheet, with corresponding receipts attached.
5. No interest will accrue on the Loan; no monthly payments are required.
6. If the Homeowner still owns and occupies the property, the lien created by the Loan will be forgiven 30 years from the loan date listed on the Promissory Note and recorded Mortgage.
7. The Loan is a lien against the property. If at any time during the term of the loan, the EDA is asked to subordinate its position, the HRA subordination policy in effect at the time of the subordination request will apply. Please consult the Richfield HRA Subordination and Satisfaction Policy, available at <http://www.richfieldmn.gov/subordination> or by calling 612-861-9778.
8. Only one Loan is available to a Homeowner at any given property location. A Homeowner may apply for one additional Loan at a different property location no sooner than seven years following the original Loan.
9. Payment of the Loan must be made in full within 30 days upon the sale, conveyance, assignment, lease or transfer of the property. A Satisfaction of Mortgage in recordable form will be provided upon receipt of payment. The Loan may also be paid in full at any time without penalty.

Application Procedure Process

- ~~1.~~ The Application Period will be from December 1st to January 31st of the following year, and loan award determinations will be made by February 15th. Adjustments to the Application Period timing may be made, and changes announced 2 weeks in advance by the EDA.
- ~~2.1.~~ Once the Application Period is open, tThe Homeowner submits a complete application, which includes an application form, a copy of all bids demonstrating project costs, scopes of improvement, and plans, within the time frame established by the EDA staff.
- ~~3.2.~~ For ADU and duplex projects, applicants and their Remodeler will be required to meet with Planning and Inspections staff prior to submitting an application as well as with an architect, either through the city's Architectural Consultation program or an architect of their choosing;
- ~~4.3.~~ An Application Fee is charged to cover the cost of administering the loan. The Application Fee is due at the time the application is submitted. The Fee will only be deposited if the Application is accepted for funding.
- ~~5.4.~~ After the Application Period closes, all applications will be reviewed to verify that they meet the program criteria. Eligible applications will then be scored based on adherence to Program guidelines and approved based on funding availability. Selected applicants will be notified of funding no later than three weeks following the submittal deadline by February 15th. ~~Once applications are verified to have met the above criteria, they will be approved on a first-come first serve basis.~~
- ~~6.5.~~ If funds remain after the set application period, applications will continue to be accepted and reviewed on a first-come, first-served basis until the end of the calendar year. If funding is limited and more than one applicant submits their complete application on the same day, those applications will be evaluated using the established scoring criteria, and funding will be awarded to the highest-scoring applicant.., then a random lottery will be held to select applications for funding.

Design Plan Application Review

~~The EDA must be provided with a set of the building plans, including building elevations, and a copy of the land survey or site plan. The Homeowner shall provide a copy of the estimate and project specifications from the selected Remodeler for the work to be done. The Homeowner shall also submit house plans, a site plan, and any other reasonable information requested. The Remodeler selected by the Homeowner shall be evaluated by the EDA to meet all remodeling criteria.~~

1. EDA staff will review the plans all application materials to ensure conformance with the Housing and Site Development Program Criteria. In order to be considered for loan funds, the application must meet the following criteria:
 - a. Completeness of application;

- b. Adherence to program guidelines;
- c. Design and function of the project, including the presence of any special or unique element that meets city goals (e.g., energy efficiency, accessibility, etc);
- d. Demonstrated financial readiness;
- e. Builder references (if applicable);
- f. In cases where the homeowner is doing part or all of the work, demonstrated evidence of experience and ability to complete the work within the required one-year time period, and
- g. Amount requested.

2. Plan review by the Building Official Inspections Division and Planning Division is a separate process, and it is the Applicant's responsibility to ensure that all Building and Zoning Code requirements are met and all necessary permits obtained.

3. All building plans must be prepared in consultation with an architect or a qualified draftsman.

4. If any element of the plan is in conflict with the above criteria, the Remodeler will be notified. Revised plans must be resubmitted for final approval.

5. On a case-by-case basis, EDA staff may visit the applicant's property and prepare an action plan to ensure viability and quality of the project, and/or request that the applicant meet with a remodeling advisor or an architect if there are design concerns.

6. All plan reviews will be completed by the EDA in a timely manner. Each plan submitted will be processed individually.

7. The EDA may refer a set of plans to the County Assessor to make a preliminary determination of value if there is concern about the extent of value added as a result of remodeling.

~~8. EDA staff may reject or accept an application at its sole discretion.~~

8. Those applicants not meeting the eligibility requirements will be sent a written notice explaining the reason(s) for denial of program participation. Appeals regarding the interpretation of eligibility requirements may be made in writing to the EDA Executive Director, and then to the EDA Board. Appeals that clearly do not meet eligibility requirements will not be considered.

Loan Award and Disbursement

1. Upon approval, a commitment letter will be issued verifying the reservation of funds ~~to be provided at closing.~~

2. ~~If not pursuing a simultaneous closing, the~~The homeowner will sign a mortgage and a promissory note agreeing to the terms of the loan. The mortgage filing fee and

registration tax will be charged to the applicant. Following closing, work can begin on the project.

3. If a simultaneous closing with end-financing has been requested by the Lender, the homeowner may begin work once a commitment letter has been received, and building permits issued.
4. ~~In those situations where the Homeowner is not utilizing the services of a Lender, partial and/or final loan payments may be issued to the homeowner at or near the end of the project. The homeowner may request a partial payment installment if desired, when at least 50% of the project costs have been expended. The homeowner must submit paid invoices or receipts along with project progress pictures with their request.~~
5. Before final payment is issued (by Lender or EDA), ~~an~~ inspections will be required by ~~both~~ EDA staff and all permits will need to be inspected and approved by the City ~~Building Inspector~~ Inspections Division. Payments will be made upon EDA approval of homeowner submitted documentation which will include a detailed list of expenditures, supplier and contractor invoices or receipts for the full amount of the project costs, and lien waivers. ~~Upon satisfactory verification of work in progress, or upon completion, payments will be disbursed at the discretion of the lender or the HRA. Copies of lien waivers or supplier/contractor invoices for the full amount of the payment must be provided at the time of final disbursement.~~
6. ~~For applicants obtaining mortgage financing, the full EDA Loan amount may be placed in an escrow account, if required by the Lender. The escrow account will be drawn upon in prorated increments, simultaneously as funds are drawn upon from the primary Loan to make payments to the Remodeler. Payment will be disbursed at the discretion of the Lender, upon satisfactory EDA verification of work in progress. Before the Loan payment can be provided to the Lender, the Homeowner must sign the Promissory Note, an example of which is attached as Exhibit B.~~
- 7.6. ~~In cases where an escrow account is not used, the~~ The primary Lender may ~~request~~ require a simultaneous closing with the EDA Loan at the time permanent financing is secured. ~~In these cases, the EDA may commit funds and authorize a project to begin prior to closing on the Loan.~~ No funds will be disbursed until closing has taken place.

Remodeler Criteria

The Remodeler should meet a minimum set of standards and perform certain requirements in order to participate in the program:

1. Meet any Lender requirements when the Homeowner is seeking Lender financing.
2. Provide adequate evidence of builder's risk, comprehensive general liability and worker's compensation insurance coverage.
3. Provide a written warranty policy to the Homeowner and Lender.

4. Provide State Building/Remodeling Contractor license number.
5. Provide the following references:
 - Five satisfied customers;
 - Three major suppliers or subcontractors;
 - Names of building officials from two cities where the Remodeler has worked in the last three years.
 - Each Remodeler must fill out a Remodeler Form (Exhibit D).

Responsibility of Remodeler

The Remodeler must perform work in accordance with the specifications and contract provided to the Homeowner. Any guarantee and/or warranties on the materials, supplies or quality of work must be obtained by the Homeowner. Lien waivers must be provided at time of payment. All property permits must be obtained per city code. NOTE: The City of Richfield has a Point of Sale ordinance that requires all residential properties pass a housing code inspection before sale. The EDA is not responsible for insuring compliance with this ordinance. Proper inspections should be arranged by the seller and any repairs made as part of the purchase/remodel process.

Housing and Site Development Criteria Standards

1. All landscaping and sod disturbed by the construction project must be repaired in a professional manner.
2. Adjoining properties must not be [physically](#) disturbed by the construction process.
3. Construction and the finished structure must improve or not have a detrimental impact on storm water drainage patterns in the neighborhood and on adjoining properties. Where roofs direct storm water toward minimum (five feet) side yards, gutters may be required as a condition of Loan payment.

Data Privacy

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

Hold Harmless

To the fullest extent permitted by law, the Homeowner must agree to defend, indemnify and hold harmless the EDA and the City of Richfield, their officers, agents and employees from and against all claims, loss, damage, costs and expense arising from bodily or personal injury or sickness, illness, or death of persons or damage to property resulting from or alleged to have resulted from the Remodeler's work and operations.

Definitions

Accessory Dwelling Unit:

A dwelling unit that is located on the same lot as a principal residential structure to which it is accessory, and that is subordinate in area to the principal dwelling. These may be attached to either the primary home or the garage, but cannot be freestanding and must meet all applicable zoning code requirements.

Accessibility related improvements:

Improvements designed to allow for aging in place and/or to accommodate those with limited mobility.

Application Period:

The set time period during which applications are accepted and reviewed collectively. All applications submitted within this period will be evaluated, and funding decisions will be made after all have been reviewed and scored.

Architectural Consultant:

Individual architect or architecture firm that participates in the HRA's Architectural Home Consultation program. Architects conduct an in-home meeting with the homeowners to discuss design of home remodeling projects.

Area Median Income:

The current median income for the Minneapolis-St Paul Metropolitan Statistical Area, Median Income most current values will be used, arranged by adjusted for household size, as published by the Department of Housing and Urban Development. huduser.gov/portal/datasets/il

↓

City:

The City of Richfield.

Duplex:

A residential building used for occupancy by two (2) families living independently of each other, where both units are situated on the same parcel of land. At least one unit must be owner-occupied in order to be eligible for the Richfield Rediscovered program.

EDA:

Economic Development Authority in and for the City of Richfield

HRA:

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

Homebuyer:

Loan applicant who is in the process of purchasing, remodeling and occupying a Richfield home.

Homeowner:

Loan applicant who owns and occupies or purchases and occupies the home to be remodeled.

Lender:

The primary lender working cooperatively with the EDA on home remodeling programs.

Loan:

Interest free loan offered by the EDA for remodeling payable upon sale of the house or forgiven after 30 years.

Remodeler:

A licensed builder or Remodeler who meets the criteria established by the EDA, including all state and local license requirements.

Remodeling Advisor:

Individual contracted with the HRA who meets with the homeowner to discuss ideas, estimate costs and answer questions.

Energy Efficiency Improvements

Home improvements that increase energy efficiency and reduce negative impacts on the environment. An energy audit must be completed and the results used to guide improvements.

Forms/Exhibits

A. ~~_____A.~~ Transformation Homes Application Form

A.B. Scoring Rubric

CB. Promissory Note

DC. Mortgage Note

ED. Remodeler Form

FE. Summary of Costs and Loan Computation

GF. Letter of Commitment

H. Satisfaction of Mortgage

Transformation Loan Scoring Criteria

First Priority

Applications that meet program criteria and include one or more of the following features:

- Accessory Dwelling Unit
- Duplex Conversion
- Accessibility energy or efficiency improvements totaling \$10,000 or more

Second Priority

Applications that meet program criteria and have a gross household income no higher than 120% of the most current Twin Cities Area Media Income.

Remaining applications will be scored using the point system below, and remaining funds allocated to the highest scoring applications.

- Adding an addition to a home under 1,400 square ft- 1 pts
- Adding a bedroom to a home that has 2 bedrooms or fewer- 1 pt
- Adding a bathroom to a home that only has 1 bathroom- 1 pt
- Finishing an unfinished basement or attic- 1 pt
- Remodeling a kitchen or bathroom that has not remodeled in past 30 years- 1 pt
- Project is fixing a dysfunctional floor plan- 1 pt
- Deconstruction is being utilized for any demo work- 1 pt

Transformation Loan Program

The Transformation Loan Program began in 1994 and provides loans up to \$25,000 towards value-added (i.e., transformative) home improvements with a minimum project cost of \$50,000. The loan is a no-interest, deferred loan that covers up to 15% of the total project costs, forgiven after 30 years. Additional incentives are available for projects that include an ADU, accessible improvements, and energy-efficiency improvements.

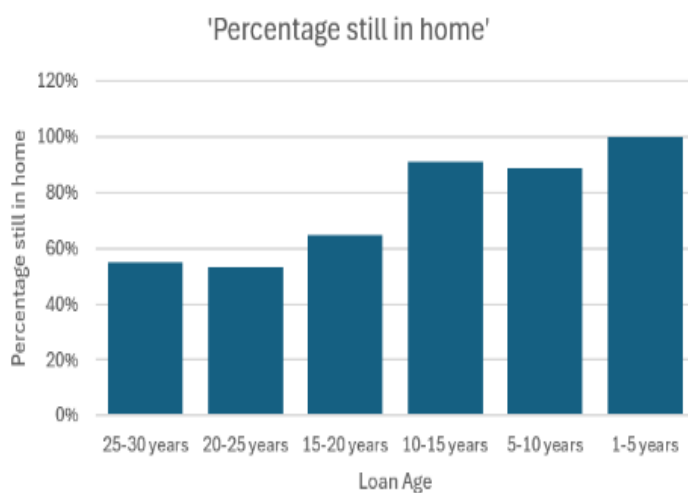
Funding Source: EDA Levy

GOALS & OBJECTIVES: Diversify the Housing Stock and Increase the Tax Base

Improve and maintain an aging housing stock by providing financial and technical assistance to homeowners so they may make home improvements and undertake expansions to accommodate their housing needs.

Findings

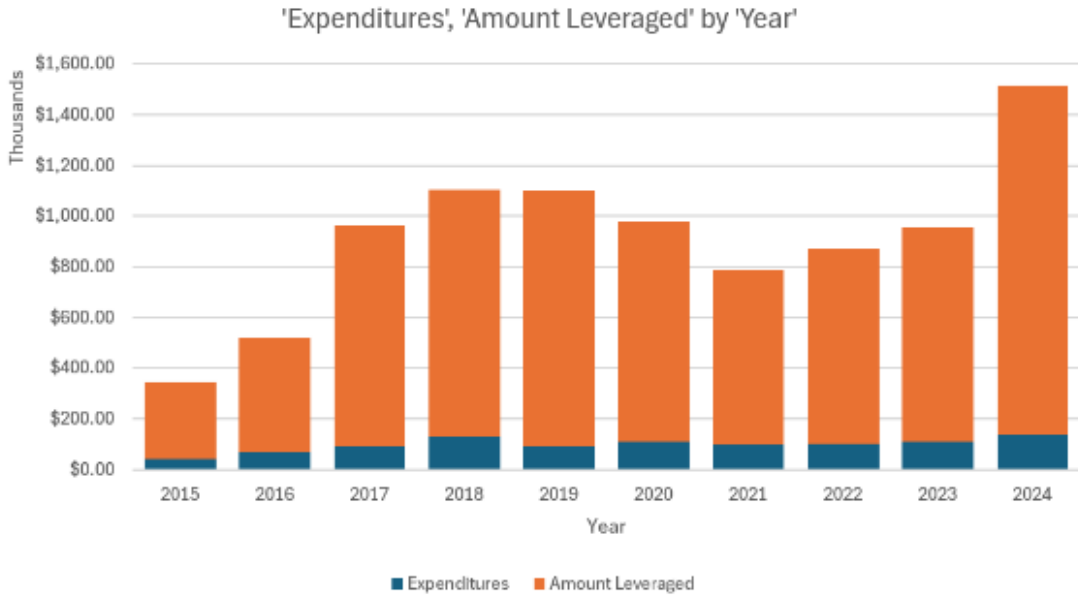
- Overall, loan recipients tend to stay in their homes. For loans over 5 years old, the average loan age is 13 years old and there have only been 2 foreclosures since the program began.



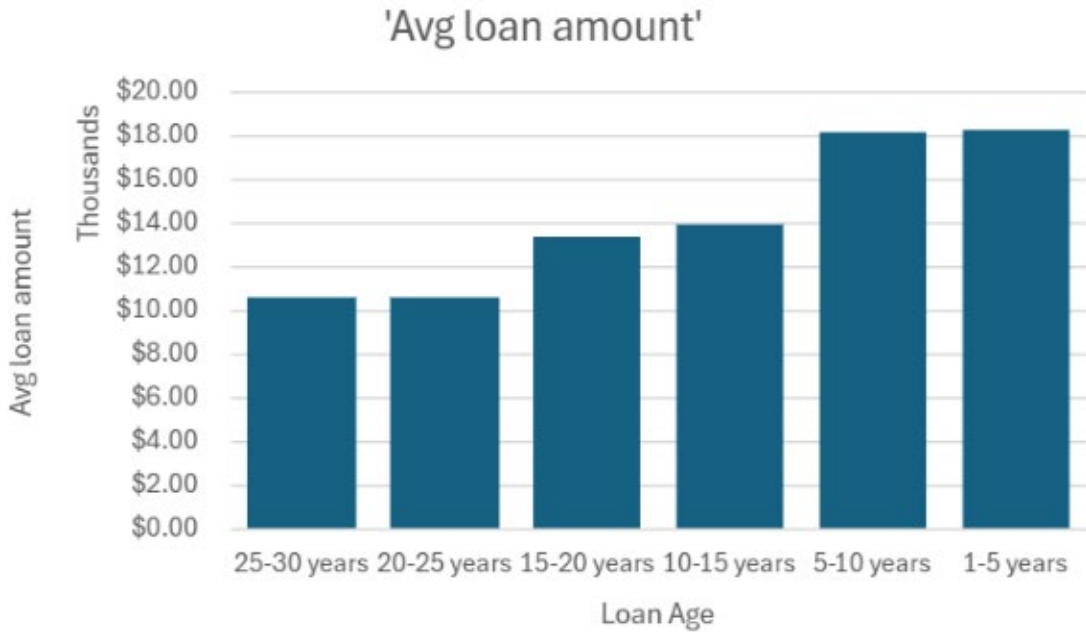
Quick Stats (since 2015)

- 53 Loans
- Average of 5.3 loans per year
- Average Loan Amount: \$18,506
- Total Expenditures: \$983,342
- Total Amount Leveraged: \$8,156,379

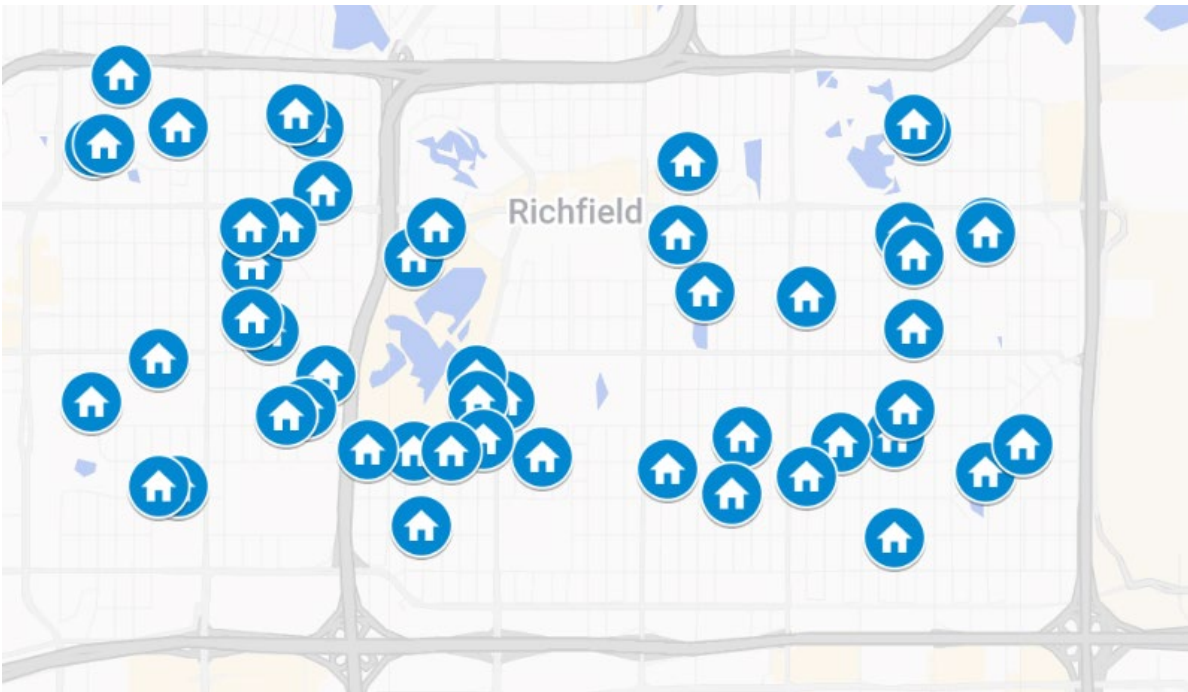
- Project expenses went up A LOT in 2024, and loan contributions may not be as impactful for larger projects.



- Average loan amounts have increased.



- While loans have been more heavily concentrated on the west side of the City since the program’s inception, over the last 10 years the loans have been more dispersed:



A family is finishing their basement in order to create a space for their aging parents to live. Upgrades include a bedroom, living area, accessible bathroom and chairlift.

A retired contractor is building an Accessory Dwelling Unit for his disabled adult daughter so that she can stay close by for support while maintaining some independence.

Things to Think About

- The program has been primarily focused on diversifying the housing stock and increasing the tax base, but we could look for ways to focus the program on more modest-income households.
- As project costs increase, our loan contributions are less of an incentive especially for higher income households.

NEXT STEPS

1. Staff will analyze the effectiveness of incentives implemented in 2023 for projects that included an ADU, accessibility upgrades, energy efficient features, or duplex conversion.
2. In 2025 staff began tracking the demographics of applicants (household size, race/ethnicity, income level). We will look at the demographic data collected from this round and see if there are any major takeaways.
3. We will explore ways to refine the program such as adding income limits, priority application periods, shorter loan-term requiring repayment for higher income households, etc.

Before



After

