

Rublin



CITY OF GRAND RAPIDS

Meeting Agenda Full Detail

City Council

Monday, June 2, 2014

4:00 PM

Conference Room 2A

CALL TO ORDER: Pursuant to due notice and call thereof a Special Meeting of the Grand Rapids City Council will be held on Monday, June 2, 2014 at 4:00 p.m. in Conference Room 2A, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL

ADMINISTRATION DEPARTMENT

1. [14-0548](#) Adopt resolution accepting the settlement agreement in Court File 31-CV-12-3654, City of Grand Rapids vs Raymond L Nikkel d/b/a Itasca Progressive Companies, LLC, County of Itasca in the amount of \$250,000 in addition to the payment of statutory appraisal fees and statutory compensation for Board of Commissioners.

2. [14-0550](#) Consider a resolution in support of a proposal by Beacon Hill Plaza Limited Partnership For the new construction of Beacon Hill as Affordable Family Housing Units in the City of Grand Rapids along with a developers agreement.
Attachments: [6-2-14 Beachon Hill Background information.pdf](#)
[6-2-14 Organizational chart.pdf](#)
[6-2-14 Beacon Hill Drawing1.pdf](#)
[6-2-14 Detail of unpaid taxes and specials.pdf](#)
[6-2-14 Beacon Hill Resolution of Support.pdf](#)
[6-2-14 Beacon Hill Agreement.pdf](#)

ADJOURNMENT

Attest: Tom Pagel, City Administrator



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 14-0548 **Version:** 1 **Name:** Nikkel
Type: Agenda Item **Status:** Administration Department
File created: 5/28/2014 **In control:** City Council
On agenda: 6/2/2014 **Final action:**
Title: Adopt resolution accepting the settlement agreement in Court File 31-CV-12-3654, City of Grand Rapids vs Raymond L Nikkel d/b/a Itasca Progressive Companies, LLC, County of Itasca in the amount of \$250,000 in addition to the payment of statutory appraisal fees and statutory compensation for Board of Commissioners.

Sponsors:

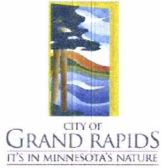
Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
5/27/2014	1	City Council		

Adopt resolution accepting the settlement agreement in Court File 31-CV-12-3654, City of Grand Rapids vs Raymond L Nikkel d/b/a Itasca Progressive Companies, LLC, County of Itasca in the amount of \$250,000 in addition to the payment of statutory appraisal fees and statutory compensation for Board of Commissioners.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 14-0550 **Version:** 1 **Name:** Beacon Hill Resolution of Support and Developer
Type: Agenda Item **Status:** Administration Department
File created: 5/28/2014 **In control:** City Council
On agenda: 6/2/2014 **Final action:**

Title: Consider a resolution in support of a proposal by Beacon Hill Plaza Limited Partnership For the new construction of Beacon Hill as Affordable Family Housing Units in the City of Grand Rapids along with a developers agreement.

Sponsors:

Indexes:

Code sections:

Attachments: [6-2-14 Beachon Hill Background information.pdf](#)
[6-2-14 Organizational chart.pdf](#)
[6-2-14 Beacon Hill Drawing1.pdf](#)
[6-2-14 Detail of unpaid taxes and specials.pdf](#)
[6-2-14 Beacon Hill Resolution of Support.pdf](#)
[6-2-14 Beacon Hill Agreement.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Consider a resolution in support of a proposal by Beacon Hill Plaza Limited Partnership For the new construction of Beacon Hill as Affordable Family Housing Units in the City of Grand Rapids along with a developers agreement.

Background Information:

Please see attached background information.

Staff Recommendation:

City staff is recommending the attached resolution and developers agreement.

Requested City Council Action

Consider the attached resolution in support of a proposal by Beacon Hill Plaza Limited Partnership For the new construction of Beacon Hill as Affordable Family Housing Units in the City of Grand Rapids along with a developers agreement.

Background Information:

The Itasca County HRA (ICHRA) is developing an affordable housing project on tax forfeit property located on 21st Street SE directly east of Red Willow. A preliminary development drawing is attached for reference. They will develop the project under a Limited Partnership known as Beacon Hill Plaza. An organizational structure drawing is attached for reference.

There are several reasons why this property is desirable to the ICHRA including location to retail stores. Another reason is that they are applying for tax credits to assist with the funding of the project. This application is a competitive process and applicants are scored on points. One of the key points is utilizing tax forfeited property.

Because the ICHRA is a public entity, Itasca County, who manages tax forfeited property can sell the property for less than market rate to them. The Itasca County Land Department has developed an opinion of market value of \$317,000. The Itasca County Assessor has an estimated market value of \$165,300. The Itasca County Board will be considering a sale to the ICHRA in an amount of \$165,000.

The sale of this property at \$165,000, is subsidized because of the use for affordable housing. Because of this the County believes that the distribution of proceeds does not need to follow the opinion of the MN Department of Revenue. The County has proposed the following methodology in distributing the proceeds.

Opinion of Market Value (OMV)	\$317,000	100%
Less Special Assessment plus unpaid interests	\$188,000 +/-	60% of OMV
Equals Value of Land	\$129,000 +/-	40% of OMV

Utilizing the breakdown of OMV in the table above and the subsidized sale price of \$165,000, would yield an assessment payment to the City from the proceeds of \$99,000. The County would then utilize a small portion of the balance to cover their expenses in selling the property to the ICHRA. Assuming there would be around \$60,000 remaining in proceeds, the City would receive 20% or approximately \$12,000.

The impact to the special assessments on the property can be summarized in the following two tables:

Total Principal and Unpaid Interest as of 4-1-2014	\$188,037.88
Total Principal Amount of Assessments	\$143,233.76
Total Unpaid Interest	\$44,804.12

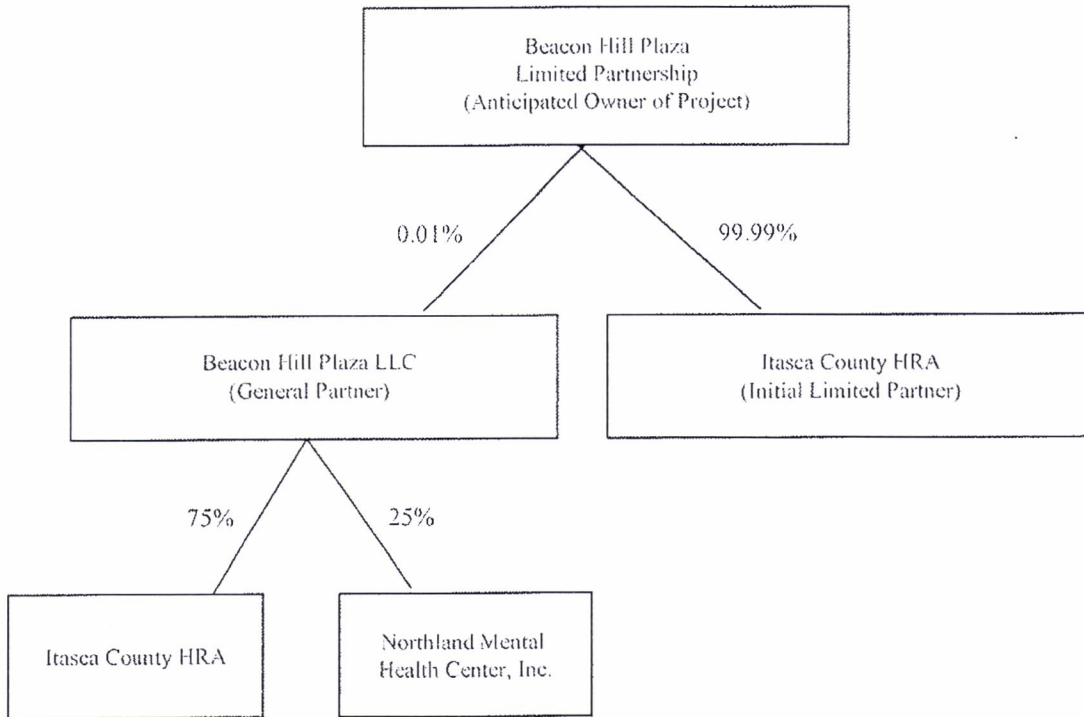
Total Principal and Unpaid Interest as of 4-1-2014	\$188,037.88
Less Proceeds from sale	\$99,000.00
Shortfall of Principal/Interest	\$99,037.88

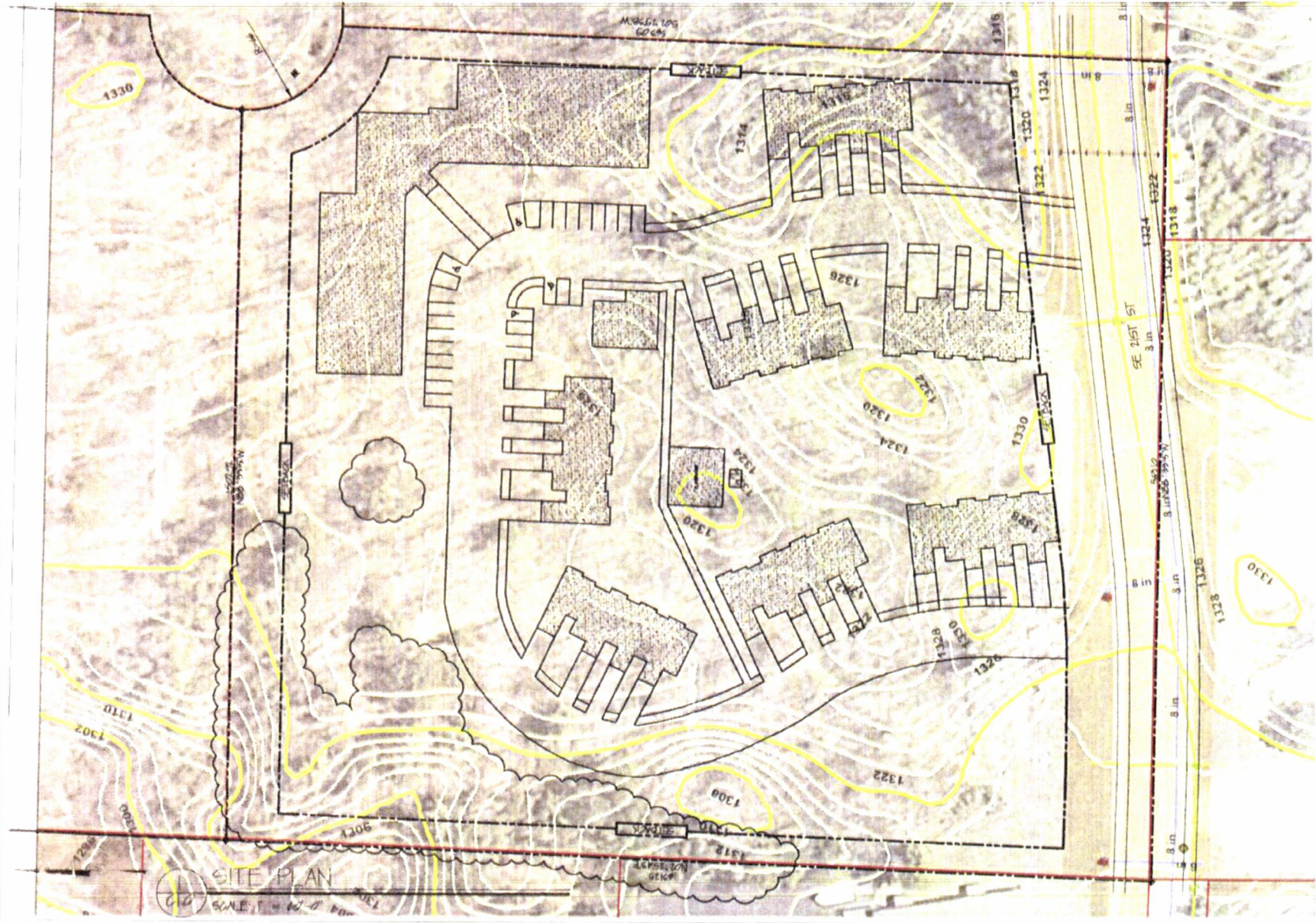
City staff have met with ICHRA staff to discuss what the impact to them of reassess the remaining special assessments and interest. The assessment of the principal and interest will not work in their proposed operating budget of the facility. They have indicated that they could cover the cost of the remaining principal amount as identified in the following table:

Total Principal Amount of Assessments	\$143,233.76
Less Sale Proceeds of	\$99,000.00
Remaining Principal	\$44,053.76

If the Council was agreeable, the ICHRA would propose to enter into a basic developers agreement which is attached. Essentially, at the time they receive a building permit, they would pay the principal balance of \$44,053.76 in full. This would make the City whole on the principal amount of the special assessments and forgive the unpaid interest in an amount of \$44,804.12, which would be looked at favorably by MN Housing and Finance in scoring the ICHRA application.

Proposed Initial Organization Structure





RJGD&B
 Architects
 Easton Place
 400 2nd Ave. S., Suite 200
 Grand Rapids, MN 55744
 Tel: 763-941-1111
 Fax: 763-941-1112

BEACON HILL PLAZA
 GRAND RAPIDS, MN

SITE PLAN

	1412
	DLT
	FDR

C1.0



A3.7

DATE: 7/20/11
BY: [Signature]
CHECKED: [Signature]
SCALE: 1/8" = 1'-0"

PROJECT: COMMONS BUILDING

NO. 1000

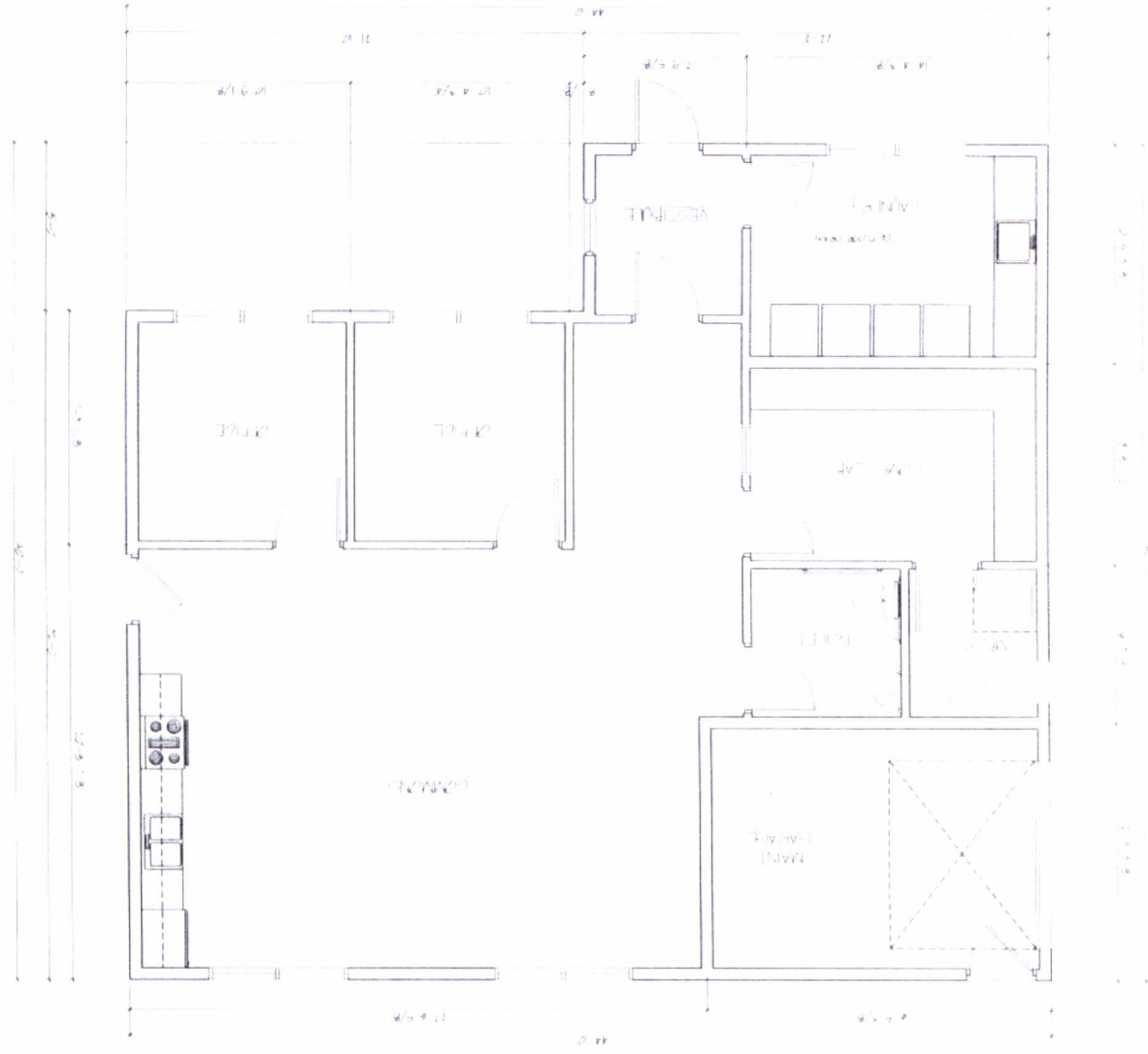
COMMONS BUILDING

PRELIMINARY
NOT FOR
CONSTRUCTION

BEACON HILL
PLAZA
GRAND RAPIDS, MI

Easton Place
Architectural Firm
1000 1st Street
Grand Rapids, MI 49503
Tel: 616.451.1000
Fax: 616.451.1001

RINGDAHL



RINGDAHL

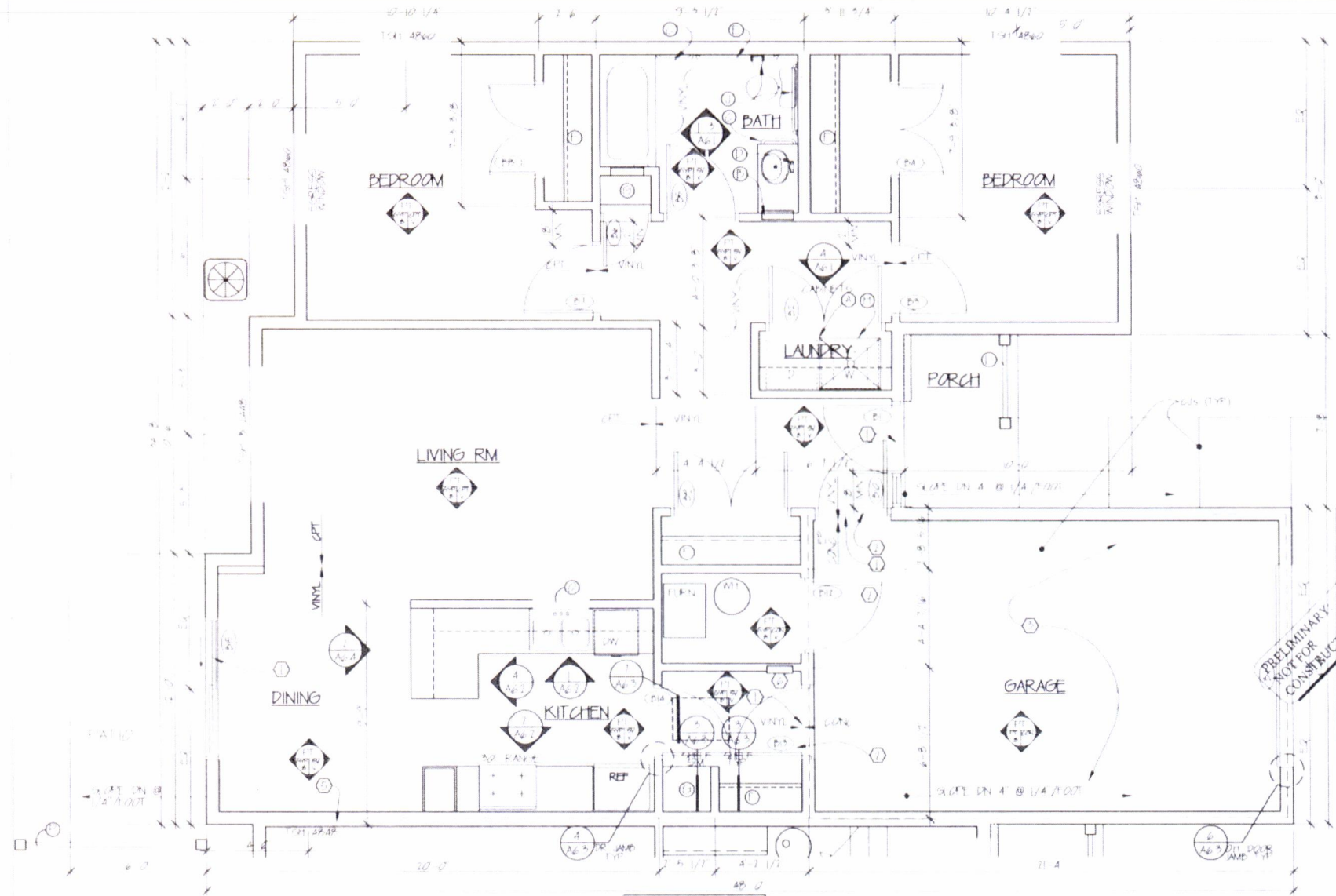
Easton Place
10720A Ave. Park Dr. S.W.
Grand Rapids, MN 55740
Tel: (763) 875-1000
Fax: (763) 875-1001

BEACON HILL
PLAZA
GRAND RAPIDS, MN

UNIT "B" PLAN

1122
C.L.O.
P.O.R.
JANUARY 7, 2013

A3.2



UNIT "B" PLAN
A3.2

REFER TO GENERAL NOTES AND TRADE NOTES
REFER TO CENTRAL BUILDING PLANS FOR REVERSED UNITS

1,066 Square Feet plus garage

A3.4

DATE: 10/11/11
BY: [Signature]

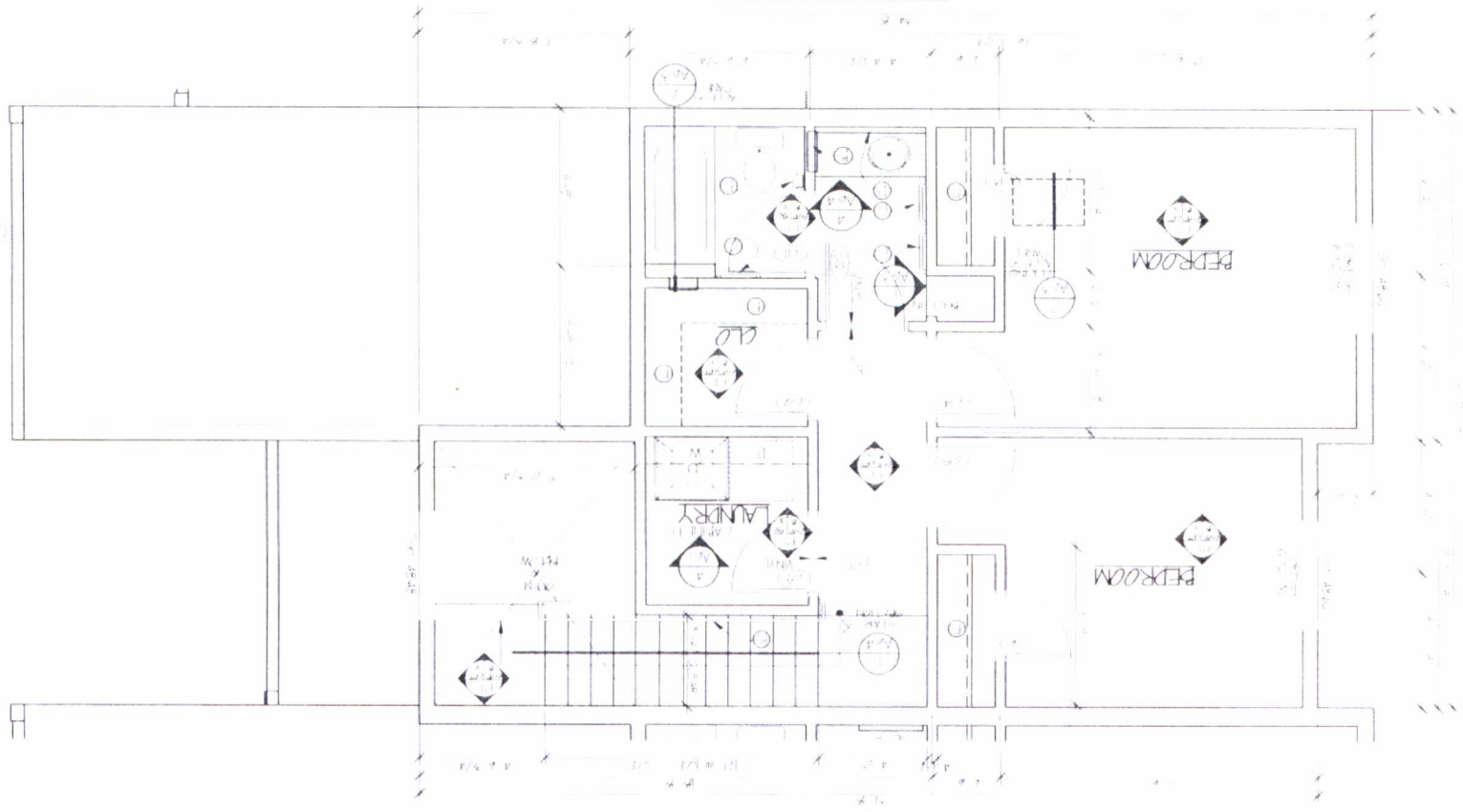
PROJECT: BEACON HILL PLAZA

PRELIMINARY
NOT FOR
CONSTRUCTION
OFFER PLAN

BEACON HILL
PLAZA
1000 WASHINGTON ST.
BOSTON, MA 02111

BEACON HILL
PLAZA
1000 WASHINGTON ST.
BOSTON, MA 02111
RINGDAHL

REFER TO ARCHITECTURAL
DRAWINGS FOR
MECHANICAL ROOMS
AND ELECTRICAL
SCHEDULES



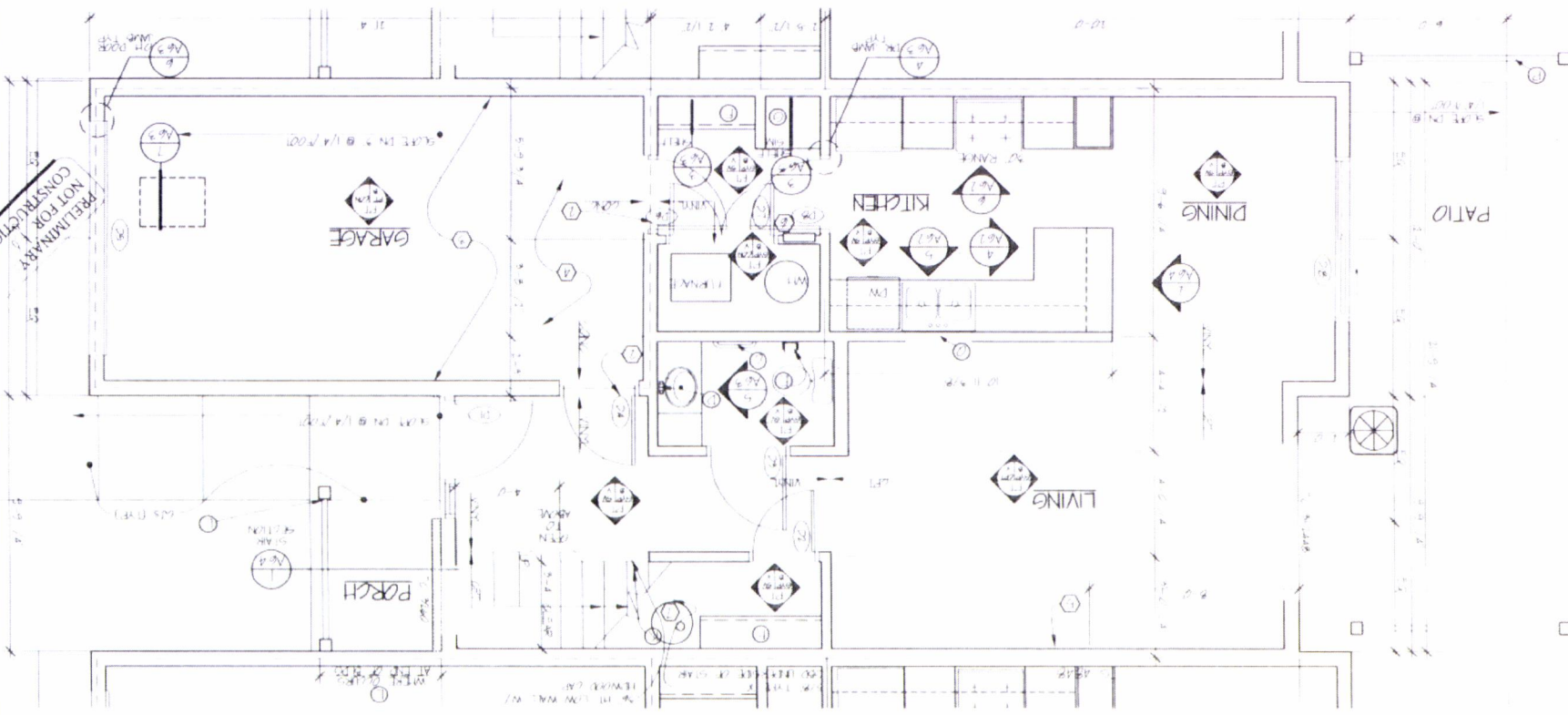
1,392 square feet plus garage

UNIT D7 MAIN LEVEL PLAN

REFER TO A35 FOR GENERAL FINISH AND FEAAL NOTES
REFER TO A35 FOR REVERSED UNITS
PLANS FOR REVERSED UNITS

SCALE 1/4" = 1'-0"

A35



A3.5

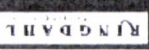
DATE: _____
BY: _____
TITLE: _____

UNIT D7
MAIN LEVEL
PLAN

PRELIMINARY
NOT FOR
CONSTRUCTION

BEACON HILL
PLAZA
GRAND RAPIDS, MI

Eaton Place
1100 11th Ave S.E.
Grand Rapids, MI 49507
Phone: 268-2200



A3.6

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

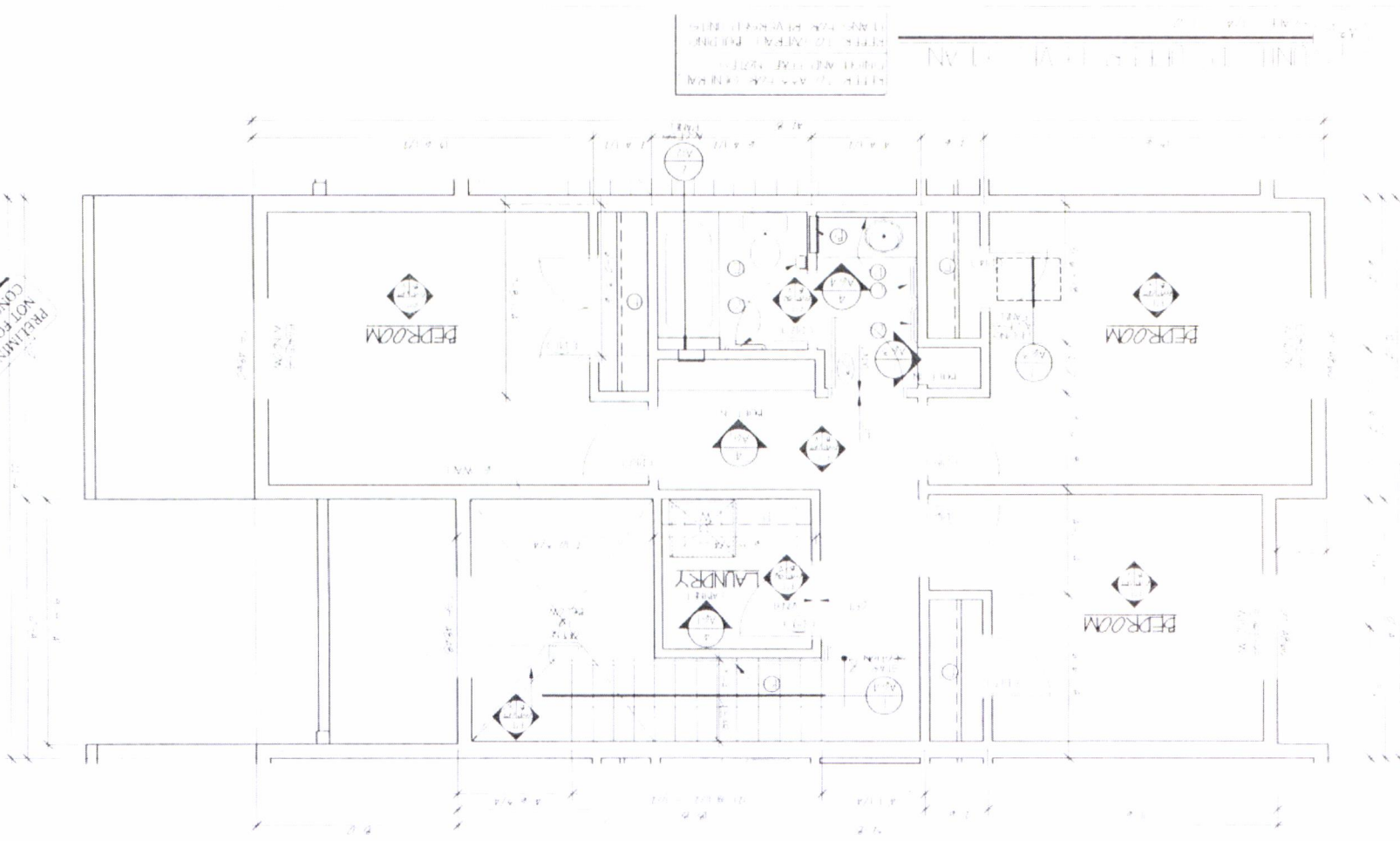
UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102



BEACON HILL
PLAZA
CHARLESTON, WV

Easton Place
1000 EASTON PLACE
CHARLESTON, WV 25301
TEL: 304.743.1234

RINGDAHL

ARCHITECTS

1000 EASTON PLACE
CHARLESTON, WV 25301
TEL: 304.743.1234

UNIT 10
101
102

UNIT 10
101
102

UNIT 10
101
102

PRELIMINARY
NOT FOR
CONSTRUCTION

SITE: 1000 EASTON PLACE
UNIT 10 (UPPER FLOOR)
SCALE: 1/8" = 1'-0"

UNIT 10 FLOOR PLAN

Parcel 91-430-0310 Taxes & Special Assessments

Parcel #91-430-0310	2009	2010	2011	2012	2013	2014	As of 4/11/14 Balance owed to County	Balance Owed To City	Total
General Prop Taxes	\$ 4,031.02	\$ 4,506.22	\$ 4,581.42	\$ 4,832.60	\$ 5,119.82	\$ 5,622.00	28,693.08		
Prj 2002-2 Principal	620.48	620.48	620.48	620.48	620.48	620.48	3,722.88	1,240.94	4,963.82
Prj 2002-2 Interest	302.80	264.94	227.10	189.26	151.40	113.55	1,249.05		1,249.05
Prj 2001-6 Principal	10,636.15	10,636.15	10,636.15	10,636.15	10,636.15	10,636.15	63,816.90	74,453.04	138,269.94
Prj 2001-6 Interest	8,987.55	8,296.21	7,604.85	6,913.51	6,222.15	5,530.80	43,555.07		43,555.07
County Penalties	3,460.92	3,405.36	3,313.80	3,301.88	3,185.00		16,666.96		16,666.96
County Interest	12,150.19	9,243.11	6,296.13	3,532.43	864.41		32,086.27		32,086.27
Grand Total							189,790.21	75,693.98	236,791.11
Total Principal of Assessments in Red shade									143,233.76

Councilmember _____ introduced the following resolution and moved for its adoption:

RESOLUTION #14-___

**A RESOLUTION IN SUPPORT OF A PROPOSAL BY
BEACON HILL PLAZA LIMITED PARTNERSHIP
FOR THE NEW CONSTRUCTION OF
BEACON HILL AS AFFORDABLE
FAMILY HOUSING UNITS IN THE CITY OF GRAND RAPIDS**

WHEREAS, the City of Grand Rapids has approved the Beacon Hill proposal for the new construction of the 48 units of affordable family housing development in the City of Grand Rapids, MN on June 2, 2014, which was submitted by Beacon Hill Plaza Limited Partnership, and

WHEREAS, the need for the affordable family housing in the City of Grand Rapids is well documented; and will meet the community's need to provide subsidized affordable family housing as well as cost and energy efficient housing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRAND RAPIDS, MINNESOTA: that the City Council of the City of Grand Rapids, County of Itasca, State of Minnesota, adopts this resolution expressing its general support for the development of Beacon Hill affordable family housing project by Beacon Hill Plaza Limited Partnership and its commitment to bring the project to completion.

Adopted this 2nd day of June, 2014

Attest:

City Clerk

Dale Adams, Mayor

Councilmember _____ seconded the foregoing resolution and the following voted in favor thereof: _____; and the following voted against same: _____, whereby the resolution was declared duly passed and adopted.

AGREEMENT

This agreement is between the City of Grand Rapids (hereinafter "City") and Beacon Hill Plaza, a Limited Partnership (hereinafter "Beacon Hill").

Recitals

WHEREAS, Itasca County is the owner of a parcel of tax-forfeited property identified as parcel no. 91-430-0310; and

WHEREAS, prior to tax forfeiture the City initiated Projects 2001-6 and 2002-2, which levied special assessments against the property in the total amount of \$143,233.76, which to date have incurred unpaid interest in the amount of \$44,804.12; and

WHEREAS, City understands that Beacon Hill wishes to take possession of said parcel through a special interest deed granted by Itasca County for the purposes of establishing affordable housing;

NOW, THEREFORE, the City agrees to the following:

1. City agrees to immediately receive the sum of \$99,180.00 as a partial payment of outstanding special assessments and to allow for the sale of the property.
2. City will receive an additional \$44,053.76 at the time Beacon Hill is issued a building permit to begin construction on said parcel.
3. City specifically agrees to waive the unpaid interest on said special assessments in the amount of \$44,804.12 if all terms above are satisfied.
4. If any terms above are not complied with the City reserves the right to re-assess the property for any and all unpaid special assessments, penalties and interest.

Dated: _____, 2014

Dated: _____, 2014

CITY OF GRAND RAPIDS

BEACON HILL PLAZA, LP

By: _____

By: _____

By: _____

By: _____

AGREEMENT

This ~~<agreement>~~<Agreement> is between the City of Grand Rapids (hereinafter "City") and ~~<Beacon Hill Plaza LP, a Limited Partnership>~~<the Itasca County Housing and Redevelopment Authority> (hereinafter "~~<Beacon Hill>~~<HRA>").

Recitals

WHEREAS, Itasca County is the owner of a parcel of tax-forfeited property identified as parcel no. 91-430-0310~~< (the "Property")>~~; and

WHEREAS, prior to tax forfeiture~~<,>~~ the City initiated Projects 2001-6 and 2002-2, which levied special assessments against the ~~<property>~~<Property> in the total amount of \$~~<143,233.76,>~~<143,233.76 for certain infrastructure improvements that benefit the Property,> which to date have incurred unpaid interest in the amount of \$44,804.12; and

WHEREAS, City understands that ~~<Beacon Hill wishes to take possession of said parcel through a special interest deed granted by>~~<HRA intends to purchase the Property from> Itasca County for the purposes of ~~<establishing>~~<developing it as an> affordable housing~~<,>~~< project.>

NOW, THEREFORE, the City ~~<agrees>~~<and HRA agree> to the following:

1. ~~<Upon the closing of the HRA's purchase of the Property,>~~ City agrees to immediately receive the sum of \$99,180.00 as a partial payment of ~~<—>~~ outstanding special assessments and to allow for the sale of the ~~<property>~~<Property>. This payment ~~<—>~~ shall come from proceeds of the purchase by ~~<Beacon Hill>~~<HRA> and paid by Itasca County.
2. ~~<City will receive an additional \$44,053.76 at the time Beacon Hill is issued a building permit to begin construction on said parcel and paid by Beacon Hill.>~~<As a condition to the City's issuance of a building permit for the anticipated affordable housing project, HRA or any successor owner of the Property shall pay to the City an additional \$44,053.76 to satisfy the remaining outstanding amount of assessments.>
3. City specifically agrees to waive the unpaid ~~<penalties or>~~ interest on said special assessments in the amount of \$44,804.12 ~~<plus any additional interest accrued after the date hereof>~~ if all terms above are satisfied.
4. If any terms above are not complied with~~<,>~~ the City reserves the right to re-assess the ~~<property>~~<Property> for any and all unpaid special assessments, penalties and interest. ~~<The HRA's obligations under this Agreement shall be null and void if its purchase agreement with Itasca County is terminated for any reason.>~~

Dated: _____, 2014

Dated: _____, 2014

CITY OF GRAND RAPIDS
COUNTY HOUSING AND

< _____ REDEVELOPMENT AUTHORITY>

By: _____
of < _____ >

< _____ Beacon Hill Plaza LLC the General Partner>

By: _____
< Diane R Larson >
< _____ Executive Director>

<9124306><9124296>v1

Document comparison by Workshare Compare on Thursday, May 29, 2014
1:51:01 PM

Input:	
Document 1 ID	interwovenSite://VVIMAN/IMANAGE/9124306/1
Description	#9124306v1<IMANAGE> - Special Assessment Agreement (SD Draft)
Document 2 ID	interwovenSite://VVIMAN/IMANAGE/9124296/1
Description	#9124296v1<IMANAGE> - Special Assessment Agreement
Rendering set	WWDefault

Legend:	
<Insertion >	
<Deletion >	
<Moved from >	
<Moved to >	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	26
Deletions	19
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	45

RJUNGDAHL
ARCHITECTS

Easton Place
510 25th St NW
Grand Rapids, MI 49503
Tel: 616.454.2000
Fax: 616.454.2004

**BEACON HILL
PLAZA**
GRAND RAPIDS, MI

**SITE
PLAN**

DATE	10/10/07
PROJECT	BEACON HILL PLAZA
CLIENT	BEACON HILL PLAZA
ARCHITECT	RJUNGDAHL ARCHITECTS
SCALE	1" = 40'-0" PLOT
DRAWN BY	...
CHECKED BY	...
DATE	...

NO.	1412
DATE	10/10/07
BY	...
FOR	...

1412
DOT
FOR
FDR

C1.0

