

Fridley Housing & Redevelopment Authority Housing Replacement Program Guide



How to Purchase & Develop Vacant Lots through the Fridley HRA's Residential New Construction Program



Fridley Housing and Redevelopment Authority
7071 University Avenue N.E.
Fridley, Minnesota 55432

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Equal Housing Opportunity Agency

Introduction

The Fridley Housing and Redevelopment Authority (HRA) created the Housing Replacement Program in 1995 for the purpose of removing older, substandard housing and replacing it with new housing. The program was re-established by the Minnesota Legislature in 2010. The goals of the program are to:

1. Help eliminate blight.
2. Preserve and expand the City's tax base.
3. Encourage neighborhood revitalization through re-investment.

The properties purchased by the HRA are acquired on a voluntary basis directly from the owner, whether it be an individual or bank. In some cases, the sites are acquired through a tax forfeiture. Once acquired, the structures are demolished and the lots are then sold on a first-come, first-serve basis. This guide describes what is required to purchase a lot and build a new home.

Construction Standards

The Housing Replacement Program is a new construction program only. New homes must be built by either 1) conventional, stick-built, on-site construction or 2) on-site panelized construction with pre-approval of the Fridley HRA. Unacceptable construction includes, but is not limited to, manufactured housing (e.g. mobile homes), or existing homes that are moved on site from another location.

Owner Occupancy Requirement

All homes built under the Housing Replacement Program must be owner-occupied.

Builder Requirements

Only licensed home builders are allowed to purchase an HRA lot and construct a new home. However, to make the program workable, individuals may reserve a lot for a period of time and then find a builder. Conversely, builders may reserve a lot and then find a buyer. Additional information on this process is described below.

Home Design Guidelines

One of the objectives of the Housing Replacement Program is to encourage home designs which are sensitive to existing neighborhoods. As an older community, the predominant home styles in Fridley include Ramblers and Cape Cods; both of which are distinctive from most new homes built today. A summary of design criteria for new homes built through the HRP is below. To assist both buyers and builders in understanding these design

requirements, a special guidebook has been prepared entitled "**Fridley Housing Replacement Program: A Patternbook for New Homes**". A copy of this book [is available online](#) and parties are encouraged to follow the guidelines carefully as they prepare their home plans.

Housing Design and Development Criteria for HRP Homes

1. Homes must meet or exceed all applicable building code standards.
2. Homes must meet all City of Fridley zoning code requirements.
3. Homes must be new construction. Conventional, stick-built construction is required.
4. Homes must be single-family, detached dwellings.
5. A minimum of two bedrooms is required. Three- and four-bedroom homes are desirable.
6. A minimum of one full bath and one-half bath is required.
7. A two-car garage is required. A hard surfaced driveway (i.e., asphalt or concrete) is also required.
8. Exterior materials should be low maintenance, such as steel, cement board or aluminum siding. Cedar siding is also acceptable. Brick facing and other architectural ornamentation is desirable.
9. The house building lines, roof lines, door and window placement shall be used to minimize blank wall mass, and orientation to the street must present a balanced and pleasing view from all sides.
10. All sites must be fully landscaped upon completion of the project and should include both sod installation and placement of plants and shrubs.
11. Utility meters shall be screened from street view. Locations must be specified on plans. All air conditioning units must be in the rear yard or screened in the side-yard.
12. Designs that emphasize front porches, covered entries, brick facing, architectural ornamentation or unique garage orientation are strongly encouraged.

For more detail, please refer to:

[Fridley Housing Replacement Program: A Patternbook for New Homes](#)

How to Reserve a Lot

There are two options for reserving an HRA lot:

- Option 1: A home builder may reserve a site and then find a buyer.
- Option 2: An individual may reserve a site and then find a builder.

To reserve a lot, you need to fill out a **Lot Reservation Agreement** (attached) and pay a reservation fee of \$1,000.00. Checks should be made payable to the Fridley HRA. The fee is earnest money for the lot and will be credited toward to the purchase price. This fee is non-transferable to other HRA lots and can only be refunded in the event that

you cannot qualify for financing.

It usually takes one to two weeks to process your agreement. Once you receive the agreement back, you will have 60 days to submit the following information:

1. A signed purchase agreement between the builder and the buyer for the new home to be constructed. This agreement can be subject to contingencies, such as eligibility for financing and HRA approval of home design.
2. A full set of house plans (prepared in accordance with the HRA's design guidelines).
3. Evidence that the builder has construction financing for the new home and the home buyer has qualified for permanent financing.

Once these items are in place, the HRA Board will review the project and authorize the sale of the land to the builder at their next regular meeting (1st Thursday of the month). In addition, the HRA will approve a Contract for Private Redevelopment with the builder. This document spells out the obligations of each party and the details of the project.

Available Lots

See the Appendix for more information and a price list.

Overview of Development Process

Step	Activity	Time Frame
Step 1:	Lot Reservation	
Step 2:	Confirm plans & financing. Builder/Buyer works on preparing plans, arranging financing and executing a purchase agreement. Must be submitted to HRA within this time frame.	Up to 60 days
Step 3 :	Staff review. HRA staff review of plans and related project documents.	Up to 30 days
Step 4:	HRA review. HRA meeting to review and approve the project. Builder can submit application and plans to City for building permit.	Up to 30 days
Step 5:	Contract execution. Developer and HRA execute the development contract.	No later than 30 days after HRA approval
Step 6:	Closing. HRA sells lot to builder and conveys title.	No later than 60 days after HRA approval
Step 7:	Construction.	Maximum of 120 days, weather permitting

Fridley HRA
Lot Reservation Agreement Instructions

1. If you are a licensed homebuilder and you want to reserve a lot, complete the form entitled ***Lot Reservation Agreement by Builder*** and attach a check for \$1,000.00 payable to the Fridley HRA.
2. If you are an individual and you want to reserve a lot, complete the form entitled ***Lot Reservation Agreement by Individual/s*** and attach a check for \$1,000.00 payable to the Fridley HRA.
3. Leave all **dates** blank on the Lot Reservation Form; these will be filled in by HRA staff.
4. You should expect to receive a signed copy of the agreement within two weeks of the date that you submit it to the Authority. Additional information and instructions will be provided at that time.

Should you have any questions about the process, please contact Paul Bolin, Assistant Executive Director of the HRA at 763-572-3591.

LOT RESERVATION AGREEMENT
(By Home Builder)

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF FRIDLEY, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota, having its principal office at 7071 University Avenue N.E., Fridley, Minnesota 55432 (the "Authority") and _____ with principal offices at _____ (the "Builder").

In consideration of the mutual covenants and obligations of the Authority and the Builder, the parties do hereby covenant and agree as follows:

1. For the sum of U.S. \$1,000.00 (the "Lot Reservation Fee") paid by the Builder to the Authority, the receipt of which is hereby acknowledged, the Authority hereby grants to the Builder the exclusive right to enter into a Contract for Private Redevelopment (the "Development Contract") to redevelop the property located at _____ (the "Vacant Lot") in accordance with the Housing Replacement Program guidelines.
2. The Builder agrees to pay U.S. \$_____ for the Vacant Lot; said price will be paid in cash at the time of closing.
3. The Builder's exclusive right to redevelop on the Vacant Lot shall automatically expire sixty (60) days after this Agreement has been signed by both the Builder and the Authority, unless the Authority has determined, in its reasonable discretion, that the Builder has fully complied with the provisions outlined in Section 4 of this Agreement.
4. The Authority agrees to negotiate in good faith with the Builder regarding redevelopment of the Vacant Lot, but nothing contained in this Agreement shall require the Authority to enter into a Development Contract with the Builder if, at the Authority's sole discretion, it deems such action not to be in its best interest or if the Authority and the Builder cannot reach terms acceptable to the Authority in its sole discretion.
5. The Builder hereby agrees to submit the following information within sixty (60) days of the date of this Lot Reservation Agreement:
 - a. A copy of a written purchase agreement between the Builder and the homebuyer, signed by both the Builder and homebuyer.

- b. Provide one full set of construction plans and a specification list for the house to be built (the "Proposed House"). The plans shall include foundation plans, floor plans for all levels, and elevations of all four sides of the house. The plans should be drawn at a scale of 1/4" = 1'0" and contain the appropriate dimensions. The specifications should include a list of all major building materials, fixtures and appliances, with appropriate product and brand names.
 - c. Provide written evidence that the Builder has secured construction financing or has adequate financial resources to build the Proposed House on the Vacant Lot.
 - d. The Builder must show evidence that the Builder is properly licensed with the State of Minnesota.
6. The Lot Reservation Fee paid by the Builder to the Authority is non-transferable to any other property or site owned by the Authority, but shall be credited towards the purchase price of the Vacant Lot covered under this Agreement. If the Builder does not purchase the Vacant Lot covered under this Agreement, the Lot Reservation Fee shall be refundable if and only if the purchase is canceled due to the inability of the homebuyer (as defined in Section 5 above) to secure permanent financing.

AUTHORITY

BUILDER

By: _____

By: _____

Its: _____

Its: _____

**LOT RESERVATION AGREEMENT
(By Individual/s)**

THIS AGREEMENT is made and entered into this ____ day of _____, 20____, by and between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF FRIDLEY, MINNESOTA, a public body corporate and politic under the laws of the State of Minnesota, having its principal office at 7071 University Avenue N.E., Fridley, Minnesota 55432 (the "Authority") and _____ who reside/s at _____ (the "Individual/s").

In consideration of the mutual covenants and obligations of the Authority and the Individual/s, the parties do hereby covenant and agree as follows:

1. For the sum of U.S. \$1,000.00 (the "Lot Reservation Fee") paid by the Individual/s to the Authority, the receipt of which is hereby acknowledged, the Authority hereby grants to the Individual/s the exclusive right to reserve the property located at _____ (the "Vacant Lot") for a period of sixty (60) days from the date of this Agreement. This exclusive right will automatically expire sixty (60) days after the date that this Agreement has been signed by both the Authority and the Individual/s, unless the Authority finds in its reasonable discretion that the conditions of Section 3 below have been fully satisfied.
2. The Individual agrees to pay U.S. \$_____ for the Vacant Lot; said price will be paid in cash at the time of closing.
3. Within sixty (60) days from the date of this Agreement, the Individual/s shall submit the following items to the Authority:
 - a. A copy of a written purchase agreement between the Individual/s and a licensed home builder (the "Builder"), signed by both the Builder and the Individual/s, for the home to be constructed (the "Proposed House") on the Vacant Lot.
 - b. Provide one full set of construction plans and a specification list for the Proposed House. The plans shall include foundation plans, floor plans for all levels, and elevations of all four sides of the Proposed House. The plans should be drawn at a scale of 1/4" = 1'0" and contain the appropriate dimensions. The specifications should include a list of all major building materials, fixtures and appliances, with appropriate product and brand names.

- c. Provide written evidence that the Individual has secured permanent financing or has adequate financial resources to purchase the Proposed House and the Vacant Lot from the Builder.
 - d. Provide a written letter from the Builder that states the Builder agrees to negotiate in good faith towards a Contract for Private Redevelopment with the Authority for the purchase of the Vacant Lot.
 - e. Provide written evidence that the Builder has secured construction financing or has adequate financial resources to build the Proposed House on the Vacant Lot.
4. The Lot Reservation Fee paid by the Individual to the Authority is non-transferable to any other property or site owned by the Authority, but shall be credited towards the purchase price of the Vacant Lot covered under this Agreement. If the Vacant Lot covered under this Agreement is not purchased by the Individual/s, the Lot Reservation Fee shall be refundable if and only if the purchase is canceled due to the inability of the Individual/s or the Builder to secure financing.
 5. The Authority agrees to negotiate in good faith with the Builder identified by the Individual/s.
 6. The Individual/s understand and acknowledge that nothing in this Agreement requires the Authority to enter into a Contract for Private Redevelopment to allow construction of the Proposed House on the Vacant Lot. Specifically, the Individual/s understand and acknowledge that after discussions with the Builder the Authority may determine that a Development Contract is not in its best interest or that the Builder's proposed terms are not acceptable.

AUTHORITY

INDIVIDUAL(S)

By: _____

By: _____

Its: _____

By: _____