

DATE: September 15, 2020

TO: Members of the Housing & Redevelopment Authority

FROM: Riverside Northfield LLC

Re: Florella's Manufactured Home Community Infrastructure Improvements Gap Funding

SUMMARY AND ACTION REQUESTED:

- 1) To update the Housing & Redevelopment Authority (HRA) on the current status of the infrastructure improvements at Florella's Manufactured Housing Community (Community) intended to remove blight and assist with affordable housing options in the community as prioritized in the City of Northfield Strategic Plan.
- 2) Make the HRA aware of the potential request for future financial assistance if alternative financing pursuits are unsuccessful.
- 3) Request a letter of support from the HRA to include in Riverside's grant application through the State of Minnesota's Manufactured Home Community Redevelopment Program
- 4) Request the HRA to continue to consider the City of Northfield Staff's suggestion from December 2019 to create a manufactured home down payment assistance program and a manufactured home buy-back program utilizing HRA reserve funds.

BACKGROUND:

The Community is zoned for 43 Manufactured Home (MH) Lots at this time, with 33 lots located on the primary section of Edward Lane, 1 lot located on the lower section of Edward Lane and 9 lots located on Flora Court. Following the removal of 8 abandoned MHs with the assistance of the HRA, the community currently consists of 24 vacant lots, 13 MH homeowner occupied, 5 MH rentals, 1 abandoned MH in poor condition and 1 former diner/office/residence building in poor condition.

The Community was purchased by Riverside Northfield LLC (Riverside) in July 2019. Riverside is in the process of completing infrastructure improvements to the 33 MH lots on the primary section of Edward Lane to repair those lots to allow for continued use as affordable housing.

Working together with the community residents, Riverside completed the initial clean-up of the Community and made expensive repairs to cure the leaking water system in fall 2019. During the winter, Riverside completed the next phase of its plan to rehabilitate the Community, with the support of the HRA, by removing most of the abandoned and unlivable homes.

In October, Riverside intends to widen the primary portion of Edward Ln. serving 33 lots to allow for a 20 foot wide drive lane with parking on both sides of the street. This is not required, but an improvement that Riverside intends to make in the interest of resident safety. Later this fall, Riverside intends to begin the process to upgrade the electric service for the 33 lots to 100 amp service. This will allow for new manufactured homes to be moved into the community.

In addition to widening the primary portion of Edward Ln. and upgrading the electric, Riverside is also hoping to upgrade the sewer and water infrastructure, install solar street lights, upgrade the communication infrastructure to fiber, clean up the trees, replace the asphalt on Edward Lane, and demolish the dilapidated diner building, remaining vacant manufactured home and 5 MH rentals (after other manufactured homes are available for the current residents). The realization of all of these improvements to the community will depend on available funding, which is a significant hurdle. The funding gap is currently estimated to approximate \$250,000. This funding gap is following a sizable rental rate increase for the residents and Riverside leveraging the prospective value of the 33 lots.

The State of Minnesota has a grant for assisting with infrastructure improvements within manufactured housing communities through the Manufactured Home Community Redevelopment Program. Riverside intends to apply for funding through this program to decrease the funding gap, but it is not guaranteed that Riverside's application will be selected. A letter of support from the HRA to be included in the grant application submitted by Riverside would be appreciated.

After consulting with the City's Housing Coordinator, Melissa Hanson, it is Riverside's understanding that the new homes Riverside would like to bring into the community and resulting monthly payment would meet the criteria for affordable housing. However, for the residents to obtain a new home, they must be able to afford a down payment, as well as the expense to remove their current homes from the Community. To help facilitate this situation by assisting residents with purchasing new manufactured homes, Riverside will ask the HRA to revisit the City of Northfield Staff's earlier suggestion from December 2019 to consider creating a manufactured home down payment assistance program utilizing HRA reserve funds, as well as Staff's previous recommendation that the HRA consider creating a future manufactured home buy-back program utilizing HRA reserve funds.