



City of South St. Paul

Economic Development Authority Agenda

Monday, June 13, 2016
6:30 PM, prior to City Council Worksession

1. CALL TO ORDER:

2. ROLL CALL:

3. AGENDA:

A. Approval of Agenda

Action – Motion to Approve

Action – Motion to Approve as Amended

4. CONSENT AGENDA:

All items listed on the Consent Agenda are items, which are considered to be routine by the Economic Development Authority and will be approved by one motion. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

A. Approval of EDA minutes of May 9, 2016

5. PUBLIC HEARINGS:

A. Sale of 339 – 5th Avenue South – Cancel Hearing

6. GENERAL BUSINESS:

A. Progress Plus Update – Jennifer Gale and John Erickson – verbal only

B. Update on Business Retention Site Visit at Valentino's; 200 Concord Exchange, with Richard and Karna DeFoe – report by Jennifer Gale and John Erickson – verbal only

C. Rediscover program update – Branna Lindell

D. Progress Report on negotiations for purchase of 131 7th Avenue North - Ryan Schroeder - verbal only

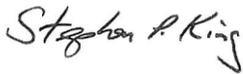
E. Update and direction – Zenk Building, 820 Southview Blvd. – Steve King – verbal only

F. Information Update – Possible development concept from Twin City Hide – Steve King and Peter Hellegers – verbal only

- G. Appoint Edie Kleinboehl as Secretary to the Economic Development Authority – verbal only
- H. (Closed Session) – Negotiations regarding possible sale of Dakota Premium site – Steve King
- I. (Closed Session) – Negotiations regarding possible sale of former Big Johns (900 Southview) and SSP Auto Specialists (920 Southview)

7. ADJOURNMENT:

Respectfully Submitted,



Stephen P. King, EDA Executive Director

**MINUTES OF THE ECONOMIC DEVELOPMENT AUTHORITY
CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA**

**Regular Meeting
May 9, 2016
City of South St. Paul, Training Room**

1. CALL TO ORDER

Chair Beth Baumann called the meeting to order at 6:32 p.m.

2. ROLL CALL

Members Present: Chair Baumann and Commissioners Flatley, Hansen, Niederkorn, Podgorski, Rothecker, Seaberg

Members Absent: None

Staff Present: EDA Executive Director, Stephen King, Ken Rohlf, Branna Lindell, Housing Division Manager, Jennifer Gale and John Erickson, Progress Plus/Chamber of Commerce, Edie Kleinboehl

3. AGENDA

Motion/Second: Consent item 4D. Approval of Satisfaction of Mortgage was added to the agenda. Commissioner Rothecker moved and Commissioner Niederkorn seconded the approval of the agenda as amended.

Motion carried 6 ayes/0 nays

4. CONSENT AGENDA

Motion/Second: Commissioner Hansen and Commissioner Rothecker seconded the approval of the consent agenda as amended.

A. EDA Minutes of April 4, 2016.

B. Approval of Closeout Agreement between the South Saint Paul Housing & Redevelopment Authority/City of South Saint Paul and U.S. Environmental Protection Agency.

C. Approval to Call for a Public Hearing to Sell 339 – 5th Avenue South.

D. Approval of Satisfaction of Mortgage – 130 Hardman Avenue South - Resolution No. 16-3.

Motion carried 6 ayes/0 nays

5. PUBLIC HEARINGS

There were no public hearings.

6. GENERAL BUSINESS

A. Motion/Seconded: Commissioner Hansen moved and Commissioner Seaberg seconded the motion to approve Amendment No. 4 to the Purchase Agreement with Interstate Partners extending the due diligence period to September 30, 2016 and a closing date extension until November 30, 2016.

Discussion ensued regarding options to assist Interstate Partners with financing the extensive costs to correct the soil at 425 South Concord Street. Staff will prepare an analysis for the next EDA meeting.

Motion carried 7 ayes/0 nays

B. Motion/Seconded: Commissioner Seaberg moved and Commissioner Flatley seconded the motion to approve the agreement for professional services with Ryan R. Schroeder.

Motion carried 7 ayes/0 nays

C. Project Manager Report – Steve King reported Ryan Schroeder will be working on the Central Bank and Danner property projects. Mr. Schroeder will attend the next EDA meeting to provide an update of activities.

D. Progress Plus Report – Jennifer Gale introduced John Erickson and presented an update of Progress Plus activities. John reported on Progress Plus website enhancements, provided an update on Grow MN visits and marketing efforts. He is working on a property flyer showcasing South St Paul. A Progress Plus update will be included on future EDA meeting agendas.

7. ADJOURNMENT

Motion/Second: Commissioner Seaberg moved and Commissioner Niederkorn seconded the motion to adjourn the meeting at 7:00 p.m.

Approved: _____

Edie Kleinboehl, Acting Secretary



EDA Agenda Item Report

Date: June 13, 2016

Department: Community Development

EDA Executive Director: SPK

6-C

Agenda Item: Rediscover Program Update

Action to be considered: Information only.

Overview:

Lots listed for sale: 241 – 1st Avenue South

We also own 152 – 3rd Avenue South. However, these lots have been held off the market at the request of the City Administrator and City Council.

Houses under construction:

210 – 1st Avenue South
129 W. Richmond
235 – 4th Avenue South

Potential acquisition candidates:

1. 220 E. Poplar – house is bank-owned and full of mold. Listed for \$94,900.
2. 140 E. Spruce Street – owner has requested purchase by the City. The house is 672 s.f., no central heating, 60-amp service and sits on the back of a 60'x125' lot. Appraised value is \$40,000
3. 149 – 11th Avenue North – House is currently vacant and for sale. Neighbors have complained about previous activity and problems with tenants. A sale was pending but did not go forward.

Funding

Funds available are approximately \$55,000 (\$15,000 – 2015, \$40,000 – 2016) from CDBG and \$54,000 from 2016 HRA tax levy. CDBG funding can only be used in \$25,000 increments per house to avoid the means test on purchasers of the lots.

History

Attached is a history of the lots purchased and sold since the program began in 1996, as well as the increase in valuation and taxes generated by this program which was the purpose for which the program was created.

Program Guidelines for Lot Sales

See attached guidelines.

REDISCOVER SOUTH ST. PAUL

6/9/2016

LOT SALES STATUS		
1	517 Stewart Avenue	House completed and occupied
2	600 – 2 nd Avenue South	House completed and occupied
3	142 W. Douglas	House completed and occupied
4	535 - 12 th Avenue North	House completed and occupied
5	313 - 9 th Avenue South	House completed and occupied
6	317 - 9 th Avenue South	House completed and occupied
7	538 - 12 th Avenue North	House completed and occupied
8	644 - 11 th Avenue North	House completed and occupied
9	251 - 1 st Avenue South	House completed and occupied
10	132 - 4 th Avenue South	House completed and occupied
11	203 – 4 th Avenue South	House completed and occupied
12	207 – 4 th Avenue South	House completed and occupied
13	425 – 11 th Avenue South	House completed and occupied
14	731 – 1 st Avenue South	House completed and occupied
15	641 – 2 nd Avenue South	House completed and occupied
16	613 – 3 rd Avenue South	House completed and occupied
17	209 – 11 th Avenue North	House completed and occupied
18	140 – 12 th Avenue South	House completed and occupied
19	433 – 11 th Avenue South	House completed and occupied
20	242 – 2 nd Avenue South	House completed and occupied
21	342 – 4 th Avenue South	House completed and occupied
22	1434 – 6 th Avenue South	House completed and occupied
23	437 – 15 th Avenue North	House completed and occupied

24	225 – 2 nd Avenue South	House completed and occupied
25	249 – 1 st Avenue South	House completed and occupied
26	655 – 1 st Avenue South	House completed and occupied
27	132 – 14 th Avenue South	House completed and occupied
28	230 Park Street West	House completed and occupied
29	151 – 9 th Avenue North	House completed and occupied
30	441 – 15 th Avenue North	House completed and occupied
31	730 – 8 th Avenue South	House completed and occupied
32	104 – 3 rd Avenue South	House completed and occupied
33	237 – 2 nd Avenue South	House completed and occupied
34	515 – 1 st Avenue South	House completed and occupied
35	1008 Central Avenue	House completed and occupied
36	617 – 15 th Avenue North	House completed and occupied
37	728 – 8 th Avenue South	House completed and occupied
38	504 – 15 th Avenue North	House completed and occupied
39	1444 – 5 th Avenue South	House completed and occupied
40	218 – 6 th Avenue North	House completed and occupied
41	123 – 12 th Avenue North	House completed and occupied
42	553 – 14 th Avenue North	House completed and occupied
43	555 – 14 th Avenue North	House completed and occupied
44	422 – 8 th Avenue South	House completed and occupied
45	242 – 1 st Avenue South	House completed and occupied
46	300 – 6 th Avenue South	House completed and occupied
47	415 – 1 st Avenue South	House completed and occupied
48	704 - 12 th Avenue North	House completed and occupied

49	120 – 18 th Avenue South	House completed and occupied
50	124 – 18 th Avenue South	House completed and occupied
51	433 – 15 th Avenue North	House completed and occupied
52	229 – 1 st Avenue South	House completed and occupied
53	235 – 1 st Avenue South	House completed and occupied
54	149 E. Frost Street	House completed and occupied
55	920 – 6 th Avenue South	House completed and occupied
56	657 – 3 rd Avenue South	House completed and occupied
57	148 – 15 th Avenue South	House completed and occupied
58	247 W. Park Street	House completed and occupied
59	224 – 15 th Avenue South	House completed and occupied
60	144 – 15 th Avenue South	House completed and occupied
61	640 – 8 th Avenue South	House completed and occupied
62	301 – 6 th Avenue South	House completed and occupied
63	222 W. Richmond	House completed and occupied
64	524 – 15 th Avenue North	House completed and occupied
65	305 – 4 th Avenue South	House completed and occupied
66	429 -15 th Avenue North	House completed and occupied
67	100 – 15 th Avenue South	House completed and occupied
68	106 – 15 th Avenue South	House completed and occupied
69	600 – 1 st Avenue South	House completed and occupied
70	648 – 1 st Avenue South	House completed and occupied
71	609 – 6 th Avenue South	House completed and occupied
72	753 – 5 th Avenue South	House completed and occupied
73	757 – 5 th Avenue South	House completed and occupied

74	205 – 19 th Avenue South	House completed and occupied
75	440 – 7 th Avenue South	House completed and occupied
76	1049 – 6 th Avenue South	House completed and occupied
77	259 – 9 th Avenue South	House completed and occupied
78	1104 – 5 th Avenue South	House completed and occupied
79	527 – 1 st Avenue South	House completed and occupied
80	1100 – 5 th Avenue South	House completed and occupied
81	244 W. Richmond	House completed and occupied
82	248 W. Richmond	House completed and occupied
83	400 – 6 th Avenue South	House completed and occupied
84	657 – 1 st Avenue South	House completed and occupied
85	355 – 10 th Avenue South	House completed and occupied
86	339 – 4 th Avenue South	House completed and occupied
87	341 – 4 th Avenue South	House completed and occupied
88	443 – 16 th Avenue North	House completed and occupied
89	309 – 9 th Avenue South	House completed and occupied
90	417 – 13 th Avenue North	House completed and occupied
91	429 – 10 th Avenue South	House completed and occupied
92	236 W. Park Street	House completed and occupied
93	108 – 4 th Avenue South	House completed and occupied
94	300 – 13 th Avenue South	House completed and occupied
95	120 E. Frost	House completed and occupied
96	215 – 8 th Avenue South	Lot sold for adjacent home expansion
97	254 W. Park Street	House completed and occupied
98	1041 Dwane Street	House completed and occupied

99	154 – 13 th Avenue North	House completed and occupied
100	107 W. Dale	House completed and occupied
101	1033 Dwane Street	House completed and occupied
102	115 W. Dale	House completed and occupied
103	315 – 12 th Avenue North	House completed and occupied
104	555 – 10 th Avenue North	House completed and occupied
105	345 – 3 rd Avenue South	House completed and occupied
106	723 – 1 st Avenue South	House completed and occupied
107	728 – 5 th Avenue South	Lien on property – Off market until June 30, 2016
108	610 – 3 rd Avenue South	House completed and occupied
109	159 – 9 th Avenue North	Lot is cleared – Not listed due to shared driveway
110	439 – 1 st Avenue South	House completed and occupied
111	127 W. Frost	House completed and occupied
112	408 – 12 th Avenue North	House completed and occupied
113	136 – 4 th Avenue South	House completed and occupied
114	436 – 7 th Avenue South	House completed and occupied
115	141 – 4 th Avenue South	House completed - listed for sale
116	521 Stewart	Development Agmt. w/J.K. Anderson Bldrs.
117	210 – 1 st Avenue South	Under construction
118	119 – 19 th Avenue South	Development Agmt. assigned to M. Milner
119	203 – 14 th Avenue South	Property sold to Roger Tollas 12/9/15
120	339 – 5 th Avenue South	Lot optioned by Maria Iglesias
121	930 – 6 th Avenue South	Lot optioned by Vincent Hansen
122	152 – 3 rd Avenue South	On Hold
123	235 – 4 th Avenue South	Lot sold to M. Scott Companies

REDISCOVER SOUTH ST. PAUL

PREVIOUS ASSESSED MARKET VALUE	TAX	ADDRESS	CURRENT ASSESSED MARKET VALUE	TAX
76,500	902	517 STEWART AVENUE	251,000	2,304
49,500	775	600 2ND AVENUE SOUTH	179,400	1,830
49,500	574	142 WEST DOUGLAS	179,900	1,683
82,700	774	535 12TH AVENUE NORTH	226,800	1,977
39,400	472	313 9TH AVENUE SOUTH	141,800	1,228
39,000	512	317 9TH AVENUE SOUTH	178,900	1,646
57,000	770	538 12TH AVENUE NORTH	209,600	2,076
55,700	* 1,346	644 11TH AVENUE NORTH	176,100	1,510
50,100	746	251 1ST AVENUE SOUTH	231,000	2,300
65,000	943	132 4TH AVENUE SOUTH	177,500	1,658
57,300	* 2,043	203 4TH AVENUE SOUTH	171,200	1,666
53,600	* 1,476	207 4TH AVENUE SOUTH	164,500	1,586
29,000	342	425 11TH AVENUE SOUTH	185,420	1,836
22,500	467	731 1ST AVENUE SOUTH	183,500	1,664
40,000	610	641 2ND AVENUE SOUTH	146,900	1,344
39,900	552	613 3RD AVENUE SOUTH	193,400	1,753
56,200	541	209 11TH AVENUE SOUTH	167,700	1,568
57,900	899	140 12TH AVENUE SOUTH	166,400	1,607
30,000	855	433 11TH AVENUE SOUTH	182,300	1,744
49,000	* 1,128	242 2ND AVENUE SOUTH	149,000	1,303
54,300	599	342 4TH AVENUE SOUTH	148,300	1,365
54,100	750	1434 6TH AVENUE SOUTH	223,300	2,240
44,000	745	437 15TH AVENUE NORTH	168,900	1,539
38,000	* 1,800	225 2ND AVENUE SOUTH	162,600	1,778
49,400	439	655 1ST AVENUE SOUTH	181,900	1,716
42,000	629	132 14TH AVENUE SOUTH	174,600	1,629
34,900	368	230 PARK STREET WEST	168,700	1,607
27,400	743	151 9TH AVENUE NORTH	177,700	1,792
58,000	699	441 15TH AVENUE NORTH	200,600	2,256
28,000	615	730 8TH AVENUE SOUTH	164,900	1,648
47,100	877	104 3RD AVENUE SOUTH	215,100	2,207
37,000	580	237 2ND AVENUE SOUTH	143,600	1,387
45,100	909	515 1ST AVENUE SOUTH	137,200	1,307
44,500	568	1008 CENTRAL AVENUE	179,900	1,656
75,400	670	617 15TH AVENUE NORTH	167,200	1,657
48,400	540	728 8TH AVENUE SOUTH	171,700	1,699
65,200	909	504 15TH AVENUE NORTH	238,700	2,702
106,400	1,339	1444 5TH AVENUE SOUTH	199,500	2,004
80,700	745	218 6TH AVENUE NORTH	157,700	1,528
52,000	949	123 12TH AVENUE NORTH	196,000	1,999
47,550	478	553 14TH AVENUE NORTH	173,900	1,765
47,550	478	555 14TH AVENUE NORTH	212,200	2,042
46,900	417	422 8TH AVENUE SOUTH	166,700	1,635
56,300	500	242 1ST AVENUE SOUTH	165,400	1,623
44,000	456	300 6TH AVENUE SOUTH	152,900	1,529
40,000	598	704 12TH AVENUE NORTH	153,000	1,498
58,000	521	433 15TH AVENUE NORTH	185,300	1,821
84,900	828	149 E FROST STREET	181,200	1,744
65,000	* 1,212	920 6TH AVENUE SOUTH	172,700	1,703
28,100	** VACANT	657 3RD AVENUE SOUTH	239,000	2,634
65,700	584	148 15TH AVENUE SOUTH	198,000	2,183
77,500	797	247 W. PARK STREET	179,900	1,984

PREVIOUS ASSESSED MARKET VALUE	TAX	ADDRESS	CURRENT ASSESSED MARKET VALUE	TAX
66,700	753	124 - 18TH AVENUE SOUTH	177,000	1,951
		120 - 18TH AVENUE SOUTH	215,000	2,270
91,000	892	224 - 15TH AVENUE SOUTH	248,000	2,734
63,600	402	144 - 15TH AVENUE SOUTH	250,000	2,756
65,500	622	640 - 8TH AVENUE SOUTH	315,000	3,472
38,000	276	301 - 6TH AVENUE SOUTH	210,000	2,315
97,000	862	222 W. RICHMOND	279,900	3,085
114,000	660	524 - 15TH AVENUE NORTH	247,000	2,753
110,000	792	305 - 4TH AVENUE SOUTH	235,000	2,590
85,300	566	429 15TH AVENUE NORTH	239,000	2,634
129,500	946	100 15TH AVENUE SOUTH	230,000	2,535
		106 15TH AVENUE SOUTH	250,000	2,756
117,700	804	600 1ST AVENUE SOUTH	234,900	2,589
110,000	724	648 1ST AVENUE SOUTH	244,000	2,680
225,000	*4,218	759 - 5TH AVENUE SOUTH		
		753 5TH AVENUE SOUTH	249,900	2,746
		757 5TH AVENUE SOUTH	259,900	2,869
115,800	592	205 19TH AVENUE SOUTH	245,500	2,706
119,900	1,300	1049 6TH AVENUE SOUTH	237,900	2,534
133,600	1,015	609 6TH AVENUE SOUTH	241,500	2,750
75,000	573	259 9TH AVENUE SOUTH	203,900	1,248
105,800	1,101	527 1ST AVENUE SOUTH	211,900	1,087
76,900	393	440 7TH AVENUE SOUTH	219,000	2,490
77,000	571	1104 5TH AVENUE SOUTH	234,500	2,716
131,800	753	1100 5TH AVENUE SOUTH	203,600	2,314
130,200	1,442	246 W. RICHMOND		
		244 W. RICHMOND	203,600	2,225
		248 W. RICHMOND	200,300	2,085
91,200	1,176	400 6TH AVENUE SOUTH	225,300	2,392
147,500	1,626	657 1ST AVENUE SOUTH	161,900	2,335
133,600	923	355 10TH AVENUE SOUTH	250,500	2,701
171,400	4,783	345 4TH AVENUE SOUTH		
		339 4TH AVENUE SOUTH	214,400	2,437
		341 4TH AVENUE SOUTH	213,900	2,252
105,700	874	443 - 16TH AVENUE NORTH	173,800	1,824
87,500	954	309 - 9TH AVENUE SOUTH	161,600	1,814
155,800	1,615	417 - 13TH AVENUE NORTH	280,900	3,410
147,800	1,593	429 - 10TH AVENUE SOUTH	225,100	2,389
95,300	1,000	236 PARK STREET	251,000	3,270
191,200	2,443	108 - 4TH AVENUE SOUTH	187,000	2,702
151,700	1,402	254 W. PARK	225,400	3,595
190,300	2,554	1041 DWANE	163,974	2,756
173,000	1,918	154 - 13TH AVENUE NORTH	126,969	2,072
94,400	786	107 W. DALE	154,671	3,035
177,900	2,022	1033 DWANE	145,226	2,433
163,400	1,632	315 - 12TH AVENUE NORTH	135,743	2,262
126,200	1,265	345 - 3RD AVENUE SOUTH	95,522	513
116,700	1,414	610 - 3RD AVENUE SOUTH	192,400	2,735
144,200	2,242	127 W. FROST	199,600	2,859
117,700	2,060	555 - 10TH AVENUE SOUTH	216,000	3,138
136,200	1,387	300 - 13TH AVENUE SOUTH	210,600	3,046
204,400	2,831	408 - 12TH AVENUE NORTH	247,300	3,639
113,400	1,019	115 W. DALE ST	194,000	2,422
109,500	716	723 - 1ST AVENUE NORTH	220,400	2,183
119,100	1,843	439 - 1ST AVENUE NORTH	215,000	2,962
138,700	2,330	136 - 4TH AVENUE NORTH	184,200	1,232
8,576,300	90,511	TOTAL	20,779,325	225,458

*RENTAL PROPERTY

**REDISCOVER SSP
NEW CONSTRUCTION PROGRAM**

Minimum Approved Footprints

40' lots:

House Design	Minimum Footprint	Total Sq. Footage (includes all finished living area)	Approximate Value (eff. 3/12) (including garage)
*Split Level	1,040 s.f. (26' x 40')	1,290	\$188,700
Two Story	816 s.f. (24' x 34')	1,632	\$226,950
*Rambler	1,092 s.f. (26' x 42')	1,342	\$195,040

* 250 s.f. of finished space required on lower levels of split level and rambler designs.

60' lots:

House Design	Minimum Footprint	Total Sq. Footage (includes all finished living area)	Approximate Value (including garage)
*Split Level	1,120 s.f. (28' x 40')	1,370	\$204,850
Two Story	884 s.f. (26' x 34')	1,768	\$248,829
*Rambler	1,176 s.f. (28' x 42')	1,426	\$211,038

* 250 s.f. of finished space required on lower levels of split level and rambler designs.

Rediscover South St. Paul Minimum Architectural Standards

Front Yard Setbacks

New residences must have a front yard setback consistent with the average setback of all residences on the same side of the city block. In case of a corner lot, the "front yard" shall mean the street frontage with the lesser amount of linear feet. If the street frontage dimensions are equal, the City Engineer's office shall designate the "front yard".

(example: If the average front yard setback is 20', the new setback must be 20', no more no less.)

Garage Access

Residential garage loading must be consistent with a majority of adjacent residences on the same side of the block.

(example: If the majority of adjacent residences along the same side of the city block are rear loading onto an alley, the new residence must be rear loading onto the alley way.)

Front Building Face

The following are minimum architectural treatments expected with all new residences in the Rediscover South St. Paul Program:

- Ample window breaks on the front face of the building.
- All front face windows must be complimented with such treatments as shutters or decorative window edging, and divided light windows with decorative grills. Any other decorative window treatments are subject to review and approval of the HRA Board.
- 1/3 of the entire front building face must be brick, stone, stucco or other architectural treatment. *(A full front porch treatment may be used in lieu of the 1/3 brick, stone or stucco requirement, or other architectural treatment, subject to HRA Board approval.)*
- The front face of the residence must be treated with such architectural features as roofline breaks, building face fenestration, window and roofline dormers, decorative entrance canopies or parapets, decorative front entry door systems and decorative siding treatment of any front facing gables.
- All garage doors are required to have architectural treatments. Said treatments may include raised panel garage doors; wood veneer garage doors; and garage doors with window installation, including decorative glass and grill installations.

Side Wall Building Treatments

Residences with exposed side walls, or residing on corner lots, are required to provide ample window breaks on the exposed side wall of the residence. In lieu of windows, use of decorative siding, brick/stone, or other features must be used to break up blank wall spaces.

Front Porch Treatment

If a majority of the immediately adjacent residences have full front porch treatments, the new residence must have a full front porch or other architectural features consistent with the neighborhood approved by the architectural review board. If unfinished wood components are used to construct the porch, the wood must be stained, painted or otherwise treated. All front entrances must be constructed with concrete, stone or masonry materials. No wooden entrance stairs are permitted.

GUIDELINES FOR SPEC HOUSES

1. No more than three lots total and no more than one per builder will be sold and under construction at one time on a speculative basis.
2. Builders requesting to purchase a lot and construct a Rediscover home with no identified buyer, must submit the following:
 - Evidence of proof of financing for the cost of construction and a banking reference;
 - References from previous customers and cities worked in;
 - List of previous houses built and locations;
 - A performance bond, irrevocable letter of credit or other instrument with HRA as beneficiary. Bond costs are \$24 per \$1,000 and a letter of credit is typically 3% – 5% of the amount borrowed. This could add \$4,800 - \$6,000 to the cost of the home. I recommend we require a bond or letter of credit in the amount of \$50,000. In the event that a builder does not complete the house, the bank will sell it to another contractor at a discount to complete the project. The risk is on the bank or the builder.
3. Builder must sign a development agreement with the HRA specifying start dates, end dates and events of default, etc. as currently required.
4. A valid state contractor license.
5. Must follow the guidelines of the Rediscover SSP program (plan approval, house size, etc.).