

Watertown City Council

May 28, 2019

Agenda Item: Waiver of Building Permit Fee Request**Request for Action: Adopt Resolution #2019-76, Approving Waiver of Building Permit Fees****Department: Shane Fineran, City Administrator****Background:**

Nishul Patel, principle with Amba Homes and the re-developer of 116 Angel Avenue SW into a 4-unit townhome property, is requesting the City consider waiving all or most of the building permit fees for this project. The building permit fee for this project is \$43,468.48. In exchange, Mr. Patel is proposing to finish the units out with universal design ques such as wider doorways, sloped entry, roll-in showers, and ADA compliant bathroom hardware, and ADA countertop heights that seek to allow individuals to age in place. The units feature 3 bedrooms each, all on the upper level accessed via stairs. Mr. Patel would also guarantee rental would be limited to individuals 55 years of age or older for up to 4 years at a reduced rental rate.

Mr. Patel is requesting that the City fist consider the valuation utilized to determine the permit fee, plan review, fee, and state surcharge. The City has assigned a valuation based upon the adopted fee schedule for 2019 and is utilizing the State of Minnesota Department of Labor's 2015 building valuation table. Utilizing the 2015 building valuation table the valuation was determined to be \$675,050.00. Mr. Patel is asking that the valuation be determined at \$400,000.00. A change in the valuation as requested would reduce the fees associated with the valuation determination by \$2,839.87.

Mr. Patel is also requesting that the City consider waiving the trunk connection fees associated with water, sewer, and storm water service. An additional 3 equivalent residential unit (ERU) trunk fees are being charged with the permit as the project will add an additional 3 ERU to the system (*building 3 additional units from the existing single-family home previously existing on the site*). The City's adopted trunk fee per ERU is \$10,068.25. Waiving all three ERU trunk charges associated with the permit would result in a fee reduction of \$30,204.75.

Finally, Mr. Patel is requesting the City consider reductions of the 5/8" water meter fee of \$370.00 per meter. The fee that is charged is the City's material cost-plus staff time for installation. Therefore, no reduction is recommended by staff for this item.

The rental rates proposed by Mr. Patel do appear to be near affordability indexes as published by federal Housing & Urban Development for Carver County. The units proposed are 3-bedrooms, and at 80% area median income, an affordable rental rate is listed at \$1,636.00 per month. If granted concessions Mr. Patel is noting a rental rate of \$1,650 to \$1,700 per month. If affordability is a goal of the City Council, agreement should be that rental rates meet the targets of \$1,636.00 per month and increases are tied to such an index. To be consistent with the City's business subsidy policy this should be for a period of 5 years rather than the 4 as noted in the request.

If the City Council does wish to offer concessions on these permit fees it should do so under agreement with Mr. Patel in that if the rental conditions guaranteeing rental to 55 or older and at affordable rates for less than a period of 5 years is not found to be met, the City will recoup the waived fees through special assessment.

Funding Source:

Water Fund

Sewer Fund

General Fund

Attachments:

Request from Amba Homes

Building Permit Valuation Scenarios

HUD Fair Market Rent Report

Draft Agreement

Resolution #2019-76



Amba Property Development LLC
8995 Preserve Boulevard
Eden Prairie MN 55347
612-310-1405
Nishul@hotmail.com
BC723445

Date:05/07/2019

Subject: 116 Angel Ave SW, Watertown - Request for Fee Waivers

Dear Shane,

I would like to thank the city for assisting with this project, our goal for this development is to bring more dense senior housing to the City of Watertown. From the date of CO issuance, we would keep these units as senior housing rentals.

I have a two step approach to this building permit fee. I would like to first ask the city to allow Amba Property Development LLC to assign a building valuation of \$400,000.00. I request this because many other cities, the valuation is entered by the individual applying for the permit, the city does not usually evaluate that, as they have no true cost analysis of what it takes to assign a project value, in some cases if the developer uses in house labor instead of sub contractors, those savings then trickle down into a lower building valuation for the developer. The current valuation is not accurate of the actual building cost I have estimated for this project.

With regards to the fees that are assessed on the permit application, I am asking the city to waive the following fees and surcharges. Permit fee, plan review, water hookup fee, sewer hookup fee, storm water fee, and a discount on the water meters. These waivers in fees will help me reduce my overall cost of building this project, thus in turn reduces rent prices for future residents.

Without these fee waivers, I estimate monthly rents for the units to range from \$1750-\$1775/mo for the fourth quarter of 2019. These would then increase by \$50-\$75 per

renewal year. If I can get these fee waivers, I would say rents would be at a steady \$1650-\$1700/mo with \$25-\$50/mo in increases upon lease renewal.

My clawback provision would be that, if we as the landlords were to revert back to allowing non 55+ residents to occupy 116 Angel Avenue, then it would be our responsibility to pay the city for the fees that they in turn waived for the sole reason of this letter, these fees would be assessed to our annual property tax statement.

With these fee waivers I would assure the city that these units would stay as 55+ community for at least 4 years. My long term goal is to maintain them as rental properties and reinvest any returns back into more multi family projects in Watertown.

My goal by asking for these waivers is to then have a better financial cash flow to invest into future projects into Watertown. Shane did mention, when we last met the City of Watertown is under preliminary platting of twin homes/townhomes 25+ acres. Our firm would be willing to invest into this project and build out 55+ townhome community that is for rental purposes.

We would be willing to make adjustments to the plans submitted back in March 2019. Some of the changes would be 36" wide interior doors, sloped entry ways into the home such as garage service door, sloped entry way into the home, we would install roll in showers, ADA compliant bathroom hardware and countertop heights that would be in alignment with ADA housing standards, and we would be able to install stair lifts at renters cost if it were needed for a specific tenant. All of these units will be finished with higher quality materials, such as tile, engineered hardwood flooring, plush carpets, granite counters, high efficiency mechanicals, and spray foamed walls to lower utility costs.

Last but not least, our objective for 2019 & 2020 is to work in tier 5 cities. These cities do not get the likes of large developers coming into their communities to build at an affordable cost of living. We are small enough to where we can cater to a smaller cities needs.

Thanks,

Nishul Patel

nishul@hotmail.com

612-310-1405

BC723445

\$675,000 Valuation

City of Watertown
309 Lewis Ave S, PO Box 279
Watertown, MN 55388
Phone (952) 955-2681 Fax (952) 955-2695

PERMIT APPLICATION

Building Permit # _____
PID # _____
Date Issued _____
Receipt # _____

JAN 31 2019

GOVERNMENT DATA PRACTICES ACT - TENNISON WARNING: The data you supply on this form will be used to process the permit you are applying for. You are legally required to provide the data, but we will not be able to process the permit without it. The data will constitute a public record if and when the permit is granted.

105, 107, 109 & 111 White Ave SW

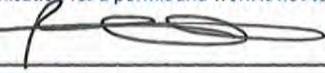
Site Location 116 Angel Ave SW, Watertown Date 1/30/19
Applicant Name NISHUL Patel Phone # 612 310 1405
Address 8995 Preserve Blvd License # BC 723445
E-mail Address nishul@hotmail.com Phone # _____
*Lead Cert # 40445197 dest route 101315

Type of Work: Residential Commercial Valuation of Work \$ 400000.00

Permit Type:
 New Construction Addition/Alteration Tennant Alteration
 Building Plumbing Mechanical Sewer & Water Zoning Other _____

Description of Work 4 unit townhome
*Is the home pre-1978? Yes No *Does the project require lead remediation? Yes No

Signature of this application by the legal property owner or a licensed contractor, as the owner's representative, is required. I acknowledge that the information above is complete and accurate and the work will be done in accordance with the approved plans, specifications and conditions. I agree to abide by all ordinances of the City of Watertown and with the MN State Building Code. I understand this is not a permit but an application for a permit and work is not to start without a permit.

Print Name Nishul Patel Signature 
Signature of (please check one): Owner Contractor Other
I am owner of property & contractor

Office Use:		Inspections:	Construction Code:
Valuation	\$ <u>675,050.00</u>	Site	<input type="checkbox"/> IBC <input checked="" type="checkbox"/> IRC
Permit Fee	\$ <u>4,849.43</u>	Footing/Foundation	Code Year <u>2015</u>
Plan Review	\$ <u>3,152.13</u>	Framing	Const. Type/Occupancy <u>VB / IRC-3</u>
City Lead Surcharge	\$ _____	Insulation	Sq. Ft. Finished <u>1,576</u>
State Surcharge	\$ <u>337.53</u>	Wet/dry Rated walls	Total Square Footage <u>(4 units) 6,304</u>
Site Inspection Fee	\$ _____	Reroof/Photos	Sprinklers <u>Yes</u>
SEC xxx /IP Deposit	\$ <u>2,000.00</u>	Reside/Photos	Zoning District <u>R-2</u>
Water Hook-up Fee	\$ <u>12,483.60</u>	Stucco	Floodplain Elevation _____
Sewer Hook-up Fee	\$ <u>12,854.40</u>	Cultured Stone	Setbacks: Actual Required
Sewer Inspection Fee	\$ <u>216.32</u>	Other _____	Front <u>Angel Ave</u> <u>30 ft.</u> <u>30 ft.</u>
Water Inspection Fee	\$ <u>216.32</u>	Final	Rear <u>19 ft.</u> <u>5 ft.</u>
Water Meter (4)	\$ <u>1,480.00</u>		Side <u>11 ft.</u> <u>5 ft.</u>
Storm Water Fee	\$ <u>4,866.75</u>		Side <u>White St</u> <u>15 ft.</u> <u>30 ft.</u>
Park Dedication Fee	\$ _____		Approvals:
Sub Total	\$ <u>42,456.48</u>		Planning <u>Yes - Variance</u>
Other <u>Mech. & FP</u>	\$ <u>608.00</u>		Engineering _____
Other <u>Plumbing</u>	\$ <u>404.00</u>		Public Works _____
TOTAL DUE	\$ <u>43,468.48</u>		Fire _____

Permit Approved By: Scott Donfeld

Date Approved: February 28, 2019

MECHANICAL PERMIT INFORMATION

Permit # _____

Contractor Parkview Heating & Air License # MB 003383
Address 10218 Parkview Circle, Bloomington Phone # 952 212 8732

Valuation of Work \$ 410,000

Work Type New Replacement
Fuel Type Gas LP Electric Wood Oil
System Type HVAC Refrigeration Gas Piping Fireplace

Manufacturer _____ Model No. _____
Value Size _____ Ton _____ HP _____
Written Description New 4-Plex and Fireplaces

Computation of Fees:	\$ Amount/Fee	Subtotal
New Single Family home heating/cooling	\$100.00 (fixed fee) x 4 =	\$ <u>400.00</u>
\$1.00 to \$2,500 valuation Fireplace	\$50.00 (fixed fee) x 4 =	\$ <u>200.00</u>
\$2,500 to \$50,000 valuation	2% of valuation	\$ _____
\$50,000 and up	\$1,000 + 1% of valuation in excess of \$50,000	\$ _____
State Surcharge	\$1.00 if permit is fixed fee x 8 =	\$ <u>8.00</u>
	.0005 x valuation of work up to \$1,000,000	\$ _____
Plan Review Fee (when submittal documents are required)	10% of permit fee	\$ _____
	TOTAL	\$ <u>608.00</u>

OFFICE USE:
 Required Inspections Rough-In Final Air Test ORSAT
 Approvals Required Fire Planning Other _____ Code Year 2015
 Conditions of Issuance _____

PLUMBING PERMIT INFORMATION

Permit # _____

Contractor Binz Plumbing License # PC 64419
Address 15164 Pluedke Ln, Prior Lake, MN 55372 Phone # 952-212-4636

Work Type New Replacement
Valuation of Work \$ 50,000.00
Written Description new sewer, water, water lines, water heater, fixtures.

Computation of Fees:	\$ Amount/Fee	Subtotal
New Single Family home plumbing permit	\$100.00 (fixed fee) x 4 =	\$ <u>400.00</u>
\$1.00 to \$2,500 valuation	\$50.00 (fixed fee)	\$ _____
\$2,500 to \$50,000 valuation	2% of valuation	\$ _____
\$50,000 and up	\$1,000 + 1% of valuation in excess of \$50,000	\$ _____
State Surcharge	\$1.00 if permit is fixed fee x 4 =	\$ <u>4.00</u>
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\$400,000 Valuation

City of Watertown
309 Lewis Ave S, PO Box 279
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Phone (952) 955-2681 Fax (952) 955-2695

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105, 107, 109 & 111 White Ave SW

Site Location 116 Angel Ave SW, Watertown Date 1/30/19
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Print Name Nishul Patel Signature 
Signature of (please check one): Owner Contractor Other
I am owner of property & contractor

Office Use:		Inspections:	Construction Code:
Valuation	\$ <u>400,000.00</u>	Site	<input type="checkbox"/> IBC <input checked="" type="checkbox"/> IRC
Permit Fee	\$ <u>3,211.65</u>	Footing/Foundation	Code Year <u>2015</u>
Plan Review	\$ <u>2,087.57</u>	Framing	Const. Type/Occupancy <u>VB / IRC-3</u>
City Lead Surcharge	\$ _____	Insulation	Sq. Ft. Finished <u>1,576</u>
State Surcharge	\$ <u>200.00</u>	Wet/dry Rated walls	Total Square Footage <u>(4 units) 6,304</u>
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Storm Water Fee	\$ <u>4,866.75</u>		Side <u>White St</u> <u>15 ft.</u> <u>30 ft.</u>
Park Dedication Fee	\$ _____		Approvals:
Sub Total	\$ <u>39,616.61</u>		Planning <u>Yes - Variance</u>
Other <u>Mech. & FP</u>	\$ <u>608.00</u>		Engineering _____
Other <u>Plumbing</u>	\$ <u>404.00</u>		Public Works _____
TOTAL DUE	\$ <u>40,628.61</u>		Fire _____

Permit Approved By: Scott Donfeld

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Fuel Type Gas LP Electric Wood Oil
System Type HVAC Refrigeration Gas Piping Fireplace

Manufacturer _____ Model No. _____
Value Size _____ Ton _____ HP _____
Written Description New 4-Plex and Fireplaces

<u>Computation of Fees:</u>	<u>\$ Amount/Fee</u>	<u>Subtotal</u>
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\$1.00 to \$2,500 valuation Fireplace	\$50.00 (fixed fee) x 4 =	\$ <u>200.00</u>
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\$50,000 and up	\$1,000 + 1% of valuation in excess of \$50,000	\$ _____
State Surcharge	\$1.00 if permit is fixed fee x 8 =	\$ <u>8.00</u>
	.0005 x valuation of work up to \$1,000,000	\$ _____
Plan Review Fee (when submittal documents are required)	10% of permit fee	\$ _____
	TOTAL	\$ <u>608.00</u>

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 Conditions of Issuance Fire Sprinkler is under separate permit.



FY 2019 FAIR MARKET RENT DOCUMENTATION SYSTEM

The FY 2019 FMRs for All Bedroom Sizes

Final FY 2019 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2019 FMR	\$763	\$915	\$1,151	\$1,636	\$1,923
FY 2018 FMR	\$711	\$864	\$1,089	\$1,547	\$1,812

Carver County, WI is part of the Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area, which consists of the following counties: Anoka County, MN; Carver County, MN; Chisago County, MN; Dakota County, MN; Hennepin County, MN; Isanti County, MN; Ramsey County, MN; Scott County, MN; Sherburne County, MN; Washington County, MN; Wright County, MN; Pierce County, WI; and St. Croix County, WI. All information here applies to the entirety of the Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area.

Fair Market Rent Calculation Methodology

— [Show/Hide Methodology Narrative](#) —

Fair Market Rents for metropolitan areas and non-metropolitan FMR areas are developed as follows:

1. 2012-2016 5-year American Community Survey (ACS) estimates of 2-bedroom adjusted standard quality gross rents calculated for each FMR area are used as the new basis for FY2019 provided the estimate is statistically reliable. For FY2019, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself and whether the ACS estimate is based on at least 100 survey cases. HUD does not receive the exact number of survey cases, but rather a categorical variable known as the count indicator indicating a range of cases. An estimate based on at least 100 cases corresponds to a count indicator of 4 or higher.

If an area does not have a reliable 2012-2016 5-year, HUD checks whether the area has had at least minimally reliable estimate in any of the past 3 years, or estimates that meet the 50% margin of error test described above. If so, the FY2019 base rent is the average of the inflated ACS estimates.

If an area has not had a minimally reliable estimate in the past 3 years, the estimate State for the area's corresponding metropolitan area (if applicable) or State non-metropolitan area is used as the basis for FY2019.

2. HUD calculates a recent mover adjustment factor by comparing a 2016 1-year 40th percentile recent mover 2-bedroom rent to the 2012-2016 5-year 40th percentile adjusted standard quality gross rent. If either the recent mover and non-recent mover rent estimates are not reliable, HUD uses the recent mover adjustment for a larger geography. For metropolitan areas, the order of geographies examined is: FMR Area, Entire Metropolitan Area (for Metropolitan Sub-Areas), State Metropolitan Portion, Entire State, and Entire US; for non-metropolitan areas, the order of geographies examined is: FMR Area, State Non-Metropolitan Portion, Entire State, and Entire US. The recent mover adjustment factor is floored at one.
3. HUD calculates the appropriate recent mover adjustment factor between the 5-year data and the 1-year data and applies this to the 5-year base rent estimate.
4. Rents are calculated as of 2017 using the relevant (regional or local) change in gross rent Consumer Price Index (CPI) from annual 2016 to annual 2017.
5. All estimates are then inflated from 2017 to FY2019 using a trend factor based on the forecast of gross rent changes through FY2019.
6. FY2019 FMRs are then compared to a State minimum rent, and any area whose preliminary FMR falls below this value is raised to the level of the State minimum.
7. FY2019 FMRs may not be less than 90% of FY2018 FMRs.

The results of the Fair Market Rent Step-by-Step Process

1. The following are the 2016 American Community Survey 5-year 2-Bedroom Adjusted Standard Quality Gross Rent estimate and margin of error for Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area.

Area	ACS ₂₀₁₆ 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent	ACS ₂₀₁₆ 5-Year 2-Bedroom Adjusted Standard Quality Gross Rent Margin of Error	Ratio	Sample Size Category	Result
Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area	\$971	\$5	\$5 / \$971=0.005	6	0.005 < .5 6 ≥ 4 Use ACS ₂₀₁₆ 5-Year Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area 2-

Bedroom Adjusted Standard Quality Gross Rent
--

Since the ACS₂₀₁₆ Margin of Error Ratio is less than .5, the ACS₂₀₁₆ Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area value is used for the estimate of 2-Bedroom Adjusted Standard Quality Gross Rent:

Area	FY2019 Base Rent
Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area	\$971

- A recent mover adjustment factor is applied based on the smallest area of geography which contains Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area and has an ACS₂₀₁₆ 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5.

Area	ACS ₂₀₁₆ 1-Year Adjusted Standard Quality Recent- Mover Gross Rent	ACS ₂₀₁₆ 1-Year Adjusted Standard Quality Recent- Mover Gross Rent Margin of Error	Ratio	Sample Size Category	Result
Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area – 2 Bedroom	<u>\$1,045</u>	\$24	0.023	6	0.023 < .5 6 ≥ 4 Use ACS ₂₀₁₆ 1-Year Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area 2-Bedroom Adjusted Standard Quality Recent-Mover Gross Rent

The smallest area of geography which contains Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area and has an ACS₂₀₁₆ 1-year Adjusted Standard Quality Recent-Mover estimate with a Margin of Error Ratio that is less than .5 and with a sufficient number of sample cases is Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area.

- The calculation of the relevant Recent-Mover Adjustment Factor for Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area is as follows:

ACS₂₀₁₆ 5-Year Area	ACS₂₀₁₆ 5-Year 40th Percentile Adjusted Standard Quality Gross Rent	ACS₂₀₁₆ 1-Year 40th Percentile Adjusted Standard Quality Recent-Mover Gross Rent
Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area – 2 Bedroom	\$971	\$1,045

Area	Ratio	Recent-Mover Adjustment Factor
Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area	$\frac{\$1,045}{\$971} = 1.076$	1.0762 ≥ 1.0 Use calculated Recent-Mover Adjustment Factor of 1.0762

4. The calculation of the relevant CPI Update Factors for Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area is as follows: HUD updates the 2016 intermediate rent with the ratio of the annual 2017 local or regional CPI to the annual 2016 local or regional CPI to establish rents as of 2017.

	Update Factor	Type
CPI Update Factor	1.0416	Local CPI

5. The calculation of the Trend Factor is as follows: HUD forecasts the change in national gross rents from 2017 to 2019. This makes Fair Market Rents "as of" FY2019.

National Trend Factor
1.0572

6. The FY 2019 2-Bedroom Fair Market Rent for Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area is calculated as follows:

Area	ACS₂₀₁₆ 5-Year Estimate	Recent-Mover Adjustment Factor	Annual 2016 to 2017 CPI Adjustment	Trending 1.0572 to FY2019	FY 2019 2-Bedroom FMR
Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area	\$971	1.0762	1.0416	1.0572	$\$971 * 1.076 * 1.0416 * 1.0572 = \$1,151$

7. In keeping with HUD policy, the preliminary FY 2019 FMR is checked to ensure that it does not fall below the state minimum.

Since Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area is a multistate area, the highest state minimum of the states comprising Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area is used:

State	FY 2019 State Minimum
Minnesota	\$700
Wisconsin	\$700

The relevant state minimum is that of Minnesota / Wisconsin at \$700.

Area	Preliminary FY2019 2-Bedroom FMR	FY 2019 Minnesota / Wisconsin State Minimum	Final FY2019 2-Bedroom FMR
Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area	\$1,151	<u>\$700</u>	\$1,151 ≥ \$700 Use Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area FMR of \$1,151

8. Bedroom ratios are applied to calculate FMRs for unit sizes other than two bedrooms.

Click on the links in the table to see how the bedroom ratios are calculated.

FY 2019 FMRs By Unit Bedrooms					
	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2019 FMR	\$763	\$915	\$1,151	\$1,636	\$1,923

9. The FY2019 FMR must not be below 90% of the FY2018 FMR.

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY2018 FMR	\$711	\$864	\$1,089	\$1,547	\$1,812
FY2018 floor	\$640	\$778	\$980	\$1,392	\$1,631
FY 2019 FMR	\$763	\$915	\$1,151	\$1,636	\$1,923
Use FY2018 floor for FY2019?	No	No	No	No	No

Final FY2019 Rents for All Bedroom Sizes for Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area

The following table shows the Final FY 2019 FMRs by bedroom sizes.

Final FY 2019 FMRs By Unit Bedrooms

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY 2019 FMR	\$763	\$915	\$1,151	\$1,636	\$1,923

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.

Permanent link to this page: http://www.huduser.gov/portal/datasets/fmr/fmrs/FY2019_code/2019summary.odn?&year=2019&fmrtype=Final&selection_type=county&fips=2701999999

Other HUD Metro FMR Areas in the Same MSA

Select another Final FY 2019 HUD Metro FMR Area that is a part of the Minneapolis-St. Paul-Bloomington, MN-WI MSA:

Select a different area

Press below to select a different county within the same state (same primary state for metropolitan areas):

Press below to select a different state:

Select a Final FY 2019 Metropolitan FMR Area:

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 [Data Sets](#) |
 [Fair Market Rents](#) |
 [Section 8 Income Limits FMR/IL Summary System](#) |
 [Multifamily Tax Subsidy Project \(MTSP\) Income Limits](#) |
 [HUD LIHTC Database](#)

Prepared by the [Economic and Market Analysis Division](#), HUD. Technical problems or questions? [Contact Us](#).

AGREEMENT

THIS AGREEMENT, is made and entered into this _____ day of _____, 20____, by and between the CITY OF WATERTOWN (hereinafter “City”), and Amba Homes Property Development LLC (hereinafter “Developer”).

WHEREAS, Developer is the fee owner of certain real estate, located at 116 Angel Ave SW, Watertown, MN 55388, Parcel ID Number 850502840, legally described in the attached **Exhibit A** (the “Property”); and

WHEREAS, Developer desires to construct a four-unit attached townhome on the Property to be specifically marketed for senior housing and rented exclusively to tenants aged 55 and over (“Project”); and

WHEREAS, the Developer will establish rents for affordable housing for a 5-year period as part of the Project; and

WHEREAS, Developer requests from the City certain fee waivers and reduced building valuation for building permit fee purposes in order to make the Project economically viable; and

WHEREAS, Minnesota statutes provide the City generalized authority to incentivize the construction of affordable housing units; and

NOW THEREFORE, the City and the Developer hereby agree as follows:

1. Findings:

- a. **Public Purpose.** The Public Purpose of the Project is to increase the tax base through the development of multi-family housing and to increase opportunities for lower-price senior living within the City.
- b. **Feasibility.** Based upon the representations of the Developer, the Project would not proceed absent the benefits provided by the City to the Developer herein.
- c. The Project represents an investment by the Developer in the City with significant economic impact
- d. The Project encourages economic and commercial diversity through promotion of much-needed affordable senior housing.
- e. The Project, as a housing initiative, is a provision of basic good and services to senior residents within the City.

f. Zoning. The Project complies with zoning for the Property. On June 12, 2018, the City Council approved a variance for the Property to allow for construction of a four-unit attached townhome.

g. This Agreement does not constitute City approval of the Project.

2. Building Valuation. The City hereby agrees that the value of the Project for the purposes of calculating required permit fees shall be reduced from \$675,000 to \$400,000.00.

3. Water Access Charge and Sewer Access Charge. Pursuant to City Code §§ 58-42, 58-107, and 58-261, Developer is required to pay a service connection charge for water, sewer, and storm trunk connections. The City hereby waives the charge for **X** Equivalent Residential Unit (“ERU”) in the amount of \$XX,XXX.

4. Project Goals.

a. Senior Housing. In consideration of the foregoing, Developer agrees to construct a four-unit attached townhome, to be specifically marketed for senior housing and rented exclusively to tenants aged 55 and over (“senior housing”) for a period of 5 years after execution of the initial lease for any rental unit (“Operations Period”).

Developer shall design and construct 3-bedroom townhome units to serve as senior housing, including but not limited to the following design features: 1) 36” wide interior doors; 2) sloped entry ways; 3) roll-in showers; and 4) ADA-complaint countertops and hardware in accordance with the approved building permit.

b. Rent. During the Operation Periods, Developer agrees to rent the property at rate 80% of the Area Media Income (“AMI”). Developer agrees that during the first year after execution of the initial lease for any rental unit, the rent shall be \$1636.00/month, regardless of whether Developer enters into leases shorter than 1 year. Developer further agrees that rents will only increase on an annual basis by the lesser of \$25.00/month or an annual adjustment based on the percentage increase in the Consumer Price Index (“CPI”) for any rental unit following first full year of occupancy, but, at no point, shall result in rental amounts greater than 80% AMI.

c. Guarantee/Special Assessment. Developer agrees that if, at any time, within the Operations Period, Developer ceases to operate any of the rental units as senior housing or there is a rental increase greater than allowed herein, the entire amount of the waived fees, \$XX,XXX, are immediately due and payable. Consistent with Minn. Stat. § 444.075, subd. 3e, Developer further agrees that if

payment is not made when due the City may certify these fees to the County for inclusion on Developer's annual property tax statement as an unpaid utility bill.

5. AGREEMENT EFFECT. The terms and conditions of this Agreement shall be binding on the parties hereto, their respective successors and assigns and shall be binding upon and run with the Property.

6. GOVERNING LAW. It is agreed that this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota.

7. MODIFICATION. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

8. ATTORNEY'S FEES. In event that any action is filed to enforce the terms of this Agreement, the unsuccessful party in the action shall pay to the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum for the successful party's attorney's fees.

****Signature Pages to Follow****

EXHIBIT A
LEGAL DESCRIPTION

City of Watertown

Resolution No. 2019-76

**RESOLUTION APPROVING REDUCTION IN WATER, SEWER, AND STORM
UTILITY TRUNK CHARGES AND BUILDING VALUATION**

Whereas, the City of Watertown (“the City”) charges water, sewer, and utility trunk fees for new and expanded connections to the system; and

Whereas, the City applies an Equivalent Resident Unit (ERU) assignment calculation to residential multi-family housing units pursuant to Minn. Stat. § 58-107; and

Whereas, Amba Homes Property Development LLC (“Amba”) is the fee owner of certain real estate located at 116 Angel Ave. SW, Watertown, MN Parcel ID Number 850502840;

Whereas, Amba desires to construct a four-unit attached townhome on the Property to be specifically marketed for senior housing, rented exclusively to seniors (age 55+), and rented at less than market rent for a 5-year period (“Project”); and

Whereas, Amba requests fee waivers and building valuation in order to make the Project economically viable; and

Whereas, Minnesota Statutes (including Minn. Stat. §§ 116J.994, 462.358, subd. 11, & 469.027-469.028) provide general authority for the promotion and incentivization of affordable housing by Minnesota municipalities; and

Whereas, the City controls and has the ability to alter or waive such fees as it deems appropriate; and

Whereas, the City has used the waiver, reduction, or apportionment of such fees as necessary and beneficial to the continued support of economic development within the community.

NOW, THEREFORE, based upon the information provided in the Request for Action, the City Council of the City of Watertown, Minnesota hereby makes the following:

FINDINGS

a. **Public Purpose.** The Public Purpose of the Project is to increase the tax base through the development of multi-family housing and to increase opportunities for lower-price senior living within the City.

b. Based upon the representations of the Developer, the Project would not proceed absent benefits provided by the City to the Developer (i.e. waiver of ERU).

c. The Project represents an investment by the Developer in the City with significant economic impact

d. The Project encourages economic and commercial diversity through promotion of much-needed affordable senior housing.

e. The Project, as a housing initiative, is a provision of basic good and services to senior residents within the City.

f. The Project complies with zoning for the Property. On June 12, 2018, the City Council approved a variance for the Property to allow for construction of a four-unit attached townhome.

g. The Developer is willing to and must enter the Agreement attached as Exhibit A to assure completion of the Project as represented by the Developer.

h. By this Resolution, the City is not approving the Project.

DECISION

Now, THEREFORE, BE IT RESOLVED, that the City Council of the City of Watertown, Minnesota, hereby approves the waiver of X ERU in the amount of \$**XX,XXX**, and approves the reduced valuation for the building permit to \$400,000.00, in accordance with and subject to the terms of the attached **Exhibit A**; which Agreement the City Council hereby approves and authorizes the Mayor and Clerk to execute the same.

Adopted by the City Council of the City of Watertown this __ day of _____, 2019.

Steve Washburn, Mayor

Attest: _____
Lyn Tschudi, Clerk/Treasurer

EXHIBIT A
AGREEMENT