

HRA to appeal ruling on relocation benefits

By Seth Rowe

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The Richfield Housing and Redevelopment Authority plans to appeal a ruling declaring that a former resident was eligible for relocation benefits when a city-backed developer purchased his property.

The Minnesota Court of Appeals on Sept. 7 affirmed Minnesota Administrative Law Judge George Beck's ruling that former Richfield resident Ken Wren was eligible for relocation benefits despite his signing a waiver.

The HRA will ask the Minnesota Supreme Court to hear the case, said the HRA's attorney, Bob Vose of Minneapolis-based Kennedy & Graven.

Under state statute, cities that are buying out property for redevelopment must describe the types of benefits that could be available for property owners and the approximate amounts of those benefits, said Wren's attorney, Jon Morpew of Minneapolis-based Schnitker & Associates. And cities have to explain these options in person.

Wren claims that the benefits he was eligible for were not properly explained to him and that he did not give informed consent when he signed the waiver.

In Wren's case, the developer of Kensington Park in the 7600 block of Lyndale Avenue bought him out rather than the city. However, Morpew argued that the city's significant involvement in the development meant the statute regarding relocation benefits applied.

"It's not just Richfield that has been doing this. Lots of cities and counties have been using private developers as sort of a third-party strawman to avoid the cost of relocation benefits," Morpew said. "We're saying the government can no longer do that. I said if it were so easy to circumvent the law, there'd be no law in the first place."

Vose and the HRA hold that Wren did indeed forgo his rights when he signed the waiver.

"In the purchase agreement, it does talk about redevelopment costs and he signed that," Vose said. "The HRA and I weren't a party to that, but on paper he was informed of relocation benefits and he waived them."

Both lawyers said they believe the appellate court's ruling is unique.

"It's the first time that the [Minnesota] Court of Appeals has recognized in the state of Minnesota that relocation benefits should be paid to people who have been displaced as long as the government is significantly involved in the development," Morpew said. "I welcome the opportunity to go to the Minnesota Supreme Court and have this officially become black-letter law in the state of Minnesota."

Both lawyers said that if the case is upheld by the Supreme Court or if the court declines to hear the case, other homeowners could bring similar claims.

It's uncertain what relocation benefits Wren would get if the decision is upheld. Morpew said a consulting firm would make a determination that would be subject to City Council approval and could be appealed to an administrative law judge.

Relocation benefits usually include a housing supplemental payment to help purchase another house, moving costs and closing costs on new home. Morphew said it is not unusual for relocation benefits to run from \$20,000 to \$40,000.

Vose said the HRA has not estimated what Wren's relocation benefits could be if his position is upheld.

"It's not clear if he's entitled to anything or not," Vose said. "There's a formula for whether he's entitled to relocation benefits or not, and it hasn't been worked through at this point."