



Jeff Wheeler/Star Tribune

This snapshot shows the house that Ken Wren bought in Richfield in 1999, only to discover that the site was to be redeveloped. He sold the property to developers and agreed not to ask for relocation benefits, but a judge's ruling may give him those benefits anyway.

RICHFIELD from B1

Homeowner was never told of his options, judge says

"Informed consent is precisely what is missing in this case," Beck wrote in his ruling last month. "While Mr. Wren signed a waiver of his right to benefits, he lacked information as to the nature and scope of exactly what he was waiving."

Another homeowner on Wren's block said she was explicitly told that the \$350,000 she was offered included relocation benefits, although the amount was not specified. The homeowner, Gertrude Ulrich, who also is a Richfield City Council member, moved to a smaller house five blocks north of the house she had to give up.

"She said she accepted the price she was offered and did not dicker with the agent because 'I have felt for years that people have held the city up' for more money when their property was acquired, and 'I was not about to do that.'"

Unlike Wren, she said she felt adequately informed of her choices. The developers "did everything they possibly could so that I knew what was going on," she said.

She added that because of her status as a homeowner in the redevelopment area, she did not vote on any City Council actions involving Kensington Park.

Colleen Carey, president of The Cornerstone Group, said that purchase agreements were reached with seven homeowners and most of the 14 business

owners on the redeveloped block. One business was acquired through eminent domain.

Carey said that all the property owners "had the same rights and the same form of purchase agreement" and that the purchase prices included relocation benefits.

Homeowner's case

Wren, who responded to an ad by the Schmitker & Associates law firm after he signed his purchase agreement, said he would be satisfied with enough money — perhaps \$15,000 to \$20,000 — to close the gap between what he was paid and the cost of the house he bought in Bloomington. That doesn't include legal fees, however.

His lawyer, Jon Morphew, said the Schmitker firm has taken Wren's case on a contingency basis. That means the law firm's pay will hinge on how much money, if any, is awarded in the case.

Morphew said he asked Richfield's Housing and Redevelopment Authority for relocation aid but was denied because the agency said the developer, not the agency, was acquiring the property.

Beck, however, said in his ruling that relocation benefits are required when a city undertakes a project, and he defined "undertake" to mean the steps that Richfield took regarding Kensington Park. It established a tax-increment dis-

trict, recruited developers (the first one failed to complete financing), provided about \$8.1 million in subsidy and sent letters to property owners.

Wren said those letters gave him the impression he had no choice but to sell to the developer.

Beck's ruling said: "Recipients might justifiably have concluded that this project had the City's strong support and blessing and that the City was in control of the project."

He added that the city "encouraged homeowners to negotiate with the developer and suggested in one letter that if the expectations for compensation were too high then the project might not proceed."

Richfield's lawyer, Robert Vose, has asked Beck to reconsider, and Beck said he has set deadlines later this month for additional submissions by the lawyers. After that, he said, he expects to elaborate on his earlier ruling. If it stands, any challenge would go to the Minnesota Court of Appeals, Bruce Palmberg, Richfield's community development director, said no decision has been made on whether to take that step.

Meanwhile, the developer has sued Wren for breach of contract in Hennepin County District Court, alleging that he is seeking benefits in violation of the agreement he signed.

Richfield's record

Richfield has had mixed results defending its redevelopment practices in court.

In rulings involving its efforts to attract the corporate headquarters of Best Buy Co., the city was criticized for some of its tactics involving condem-

Kensington Park

Richfield and a private developer bought and razed seven homes and 14 businesses to clear the way for a \$32 million housing and retail complex. The project under construction will include:

- 94 loft-style condominium units priced from \$130,000 to \$300,000

- 14 townhouses priced from \$290,000

- 25,000 to 30,000 square feet of shops and restaurants



Developer: Lyndain Gateway LLC, affiliated with The Cornerstone Group.

Financial assistance: Richfield Housing and Redevelopment Authority, Metropolitan Council.

Source: Richfield Community Development Department. Star Tribune

nation of homeowners' property and establishing a tax-increment district to benefit Best Buy. But the courts allowed the development to proceed, producing a projected increase in property-tax revenue for the city.

Kensington Park also is designed to increase tax revenue, as well as to provide higher density of both business and housing near 76th and Lyndale. The Metropolitan Council granted \$500,000 to help with the development, and the Minnesota Housing Finance Agency is helping some residents pay the earnest money required to move in.

Carey said it is not unusual for a city to have a developer acquire property for a redevelopment project. In this case, she said she thought Richfield wanted her company, rather than the city, to assume that burden and to help the city avoid lawsuits in light of its Best Buy experience.

As for Wren, it's not clear whether he will end up with more money. But he said his case might make the city and homeowners more aware of their responsibilities and choices.

He also said he's pretty sure of one thing: "I don't think I'll be moving into Richfield."

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