

# **HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA**

**REPORT TO THE COMMISSIONERS**

**DATE: MARCH 8, 2023**

**REGARDING: RESOLUTION AUTHORIZING ENTRY INTO A SUBRECIPIENT AGREEMENT WITH RONDO COMMUNITY LAND TRUST FOR USE OF \$1,373,800 CDBG FUNDS TO ACQUIRE 165 AVON STREET AND 796, 800, 822, 837, AND 841 SELBY AVENUE, SAINT PAUL, MINNESOTA AND ESTABLISH A REVOLVING LOAN FUND, DISTRICT 8, WARD 1**

## **Requested Board Action**

Authorize entry into a subrecipient agreement with the Rondo Community Land Trust (Rondo CLT) for use of \$1,373,800 CDBG funds to acquire 165 Avon Street, and 796, 800, 822, 837 and 841 Selby Avenue, Saint Paul, Minnesota (the “Properties”) from the Land Bank Twin Cities and to establish a revolving loan fund.

## **Background**

The Properties are formerly part of the Selby Wilkins development, which was recently refinanced - including an allocation of 2021 9% Low Income Housing Tax Credits (LIHTC) from both the City of Saint Paul and Minnesota Housing - by Twin Cities Housing Development Corporation (“TCHDC”). The additional funding and funding modifications will allow TCHDC to renovate 43 of the 53 units; the remaining 10 single-family and duplex units were sold to Land Bank Twin Cities at the end of 2022.

Twin Cities Land Bank contacted Rondo CLT about acquiring the Properties, which consist of four duplexes and two single-family homes. The Rondo CLT is a community based affordable housing and commercial land trust operating in Saint Paul with a mission to maintain affordability within the community. After Rondo CLT’s acquisition of the Properties, seven of the ten units are proposed to remain as rentals, while three of the units are proposed to become affordable homeownership opportunities.

The properties at 796 Selby Avenue, 800 Selby Avenue and 165 Avon Avenue are all duplexes that have deeply affordable rental units subsidized through Section 8 vouchers with the exception of 800 Selby, Unit A (a 4 bedroom 2 bathroom unit with rent of \$1,039 per month). The single

family home at 841 Selby is also a deeply affordable rental. Four of the tenants have incomes at or below 30% of Area Median Income (AMI) and an additional four have incomes at or below 50% of AMI.

The properties at 822 Selby Avenue, and 837 Selby Avenue were all deeply affordable rental properties. The single family home at 822 Selby is currently vacant and will be sold for homeownership using the Rondo Community Land Trust's land trust model with a 99 year ground lease with the buyers gross household income at or below 80% of AMI adjusted for family size. The duplex at 837 Selby Avenue has one vacant unit and one rental unit. This duplex will be sold for owner occupied rental to a homebuyer at or below 80% of AMI, also under the terms of the Rondo CLT's land trust model.

As a result of Rondo CLT's acquisition of the Properties, several long term deeply affordable rental units without displacement of tenants will be maintained in the community and new affordable homeownership opportunities will be made available.

The Rondo CLT executed an agreement for the purchase of the Properties with intent to close prior to March 15.

### **Costs**

The acquisition costs for the Properties are as follows:

<b>Property Address</b>	<b>Property Type</b>	<b>Sale Price</b>
796 Selby - Unit A	Duplex	\$241,300.00
796 Selby - Unit B		
800 Selby - Unit A	Duplex	\$241,300.00
800 Selby - Unit B		
837 Selby - Unit A (Vacant)	Duplex	\$191,300.00
837 Selby - Unit B		
165 Avon - Unit A	Duplex	\$241,300.00
165 Avon - Unit B		
822 Selby (Vacant)	Single Family	\$254,300.00
841 Selby	Single Family	\$204,300.00
		<b>\$1,373,800.00</b>

### **Affordable Housing Experience**

Rondo CLT was formed in 1993 as a way to preserve housing affordability in the City of Saint Paul.

Rondo CLT has experience with deeply affordable rental housing in the community through its recent Selby Milton Victoria project.

Rondo CLT has been partnering with Hope Communities, Build Wealth MN and the Family Housing Fund on its owner occupied rental program for low and very low income buyers.

### **Budget Action**

None. CDBG funds are budgeted through City Council action.

### **Future Action**

None.

### **Financing Structure**

The CDBG grant is the full and sole source of funds for the acquisition of the ten units for the total \$1,373,800. The grant will be executed through a subrecipient agreement with Rondo CLT. The agreement includes provisions for the income from sale and rental of properties acquired under this agreement to be deposited into a revolving loan fund managed by Rondo CLT to be used for additional CDBG-eligible acquisition activities.

### **Compliance**

Rondo CLT worked with the Twin Cities Land Bank on compliance with the Uniform Relocation Act (49 C.F.R. Part 24) as triggered by the CDBG funding. Rondo CLT will also be responsible with other federal requirements through CDBG as detailed in the subrecipient agreement.

### **Green/Sustainable Development**

The Rondo CLT acquisition project will comply with Saint Paul Sustainable Development Policy.

### **Environmental Impact Disclosure**

The HUD Part 58 Environmental Review has been completed for CDBG funding.

## **Historic Preservation**

The State Historic Preservation office provided approvals for Section 106 of the National Historic Preservation Act as part of the Environmental Review process.

## **Public Purpose/Comprehensive Plan Conformance:**

This project meets several public purpose objectives and will further several planning strategies such as the following goals and policies of the 2040 Comprehensive Plan:

1. Under Goal 4: a supportive environment for homeownership, this project meets Policy H-21 to promote shared equity ownership options such as land trusts or cooperatives, to help make homeownership achievable for a greater number of households.
2. Under Goal 6: improved access to affordable housing, this project meets several policies including Policy H-35 to work with partners to develop and implement mechanisms to ensure that affordable ownership units developed with the City/HRA assistance remain affordable beyond the first generation of owners; Policy H-38 to encourage acquisition, if put up for sale, of naturally occurring affordable housing; and, Policy H-39 to Promote preservation of existing income-restricted affordable housing units to ensure continued affordability of those units.

In addition, the project meets recommendations in the Summit-University (District 8) Plan, including to preserve the existing housing stock with special commitment to the preservation of affordable housing

## **Recommendation:**

Staff recommends approval and authorization of entry into a subrecipient agreement with Rondo CLT for use of \$1,373,800 CDBG funds to acquire properties located at 165 Avon Street, and 796, 800, 822, 837 and 841 Selby Avenue, Saint Paul, Minnesota from the Twin Cities Land Bank and to establish a revolving loan fund.

**Sponsored by:** Commissioner Russel Balenger

**Staff:** Jessica Deegan, 651-266-6644

## **Attachments**

- **Map**
- **D8 Summit University Neighborhood Profile**