

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

REPORT TO THE COMMISSIONERS

DATE: AUGUST 23, 2023

REGARDING: AUTHORIZATION TO EXECUTE AN AGREEMENT BETWEEN THE SAINT PAUL HOUSING AND REDEVELOPMENT AUTHORITY AND JB VANG PARTNERS, INC., A MINNESOTA CORPORATION ("JB VANG") REGARDING LAND TITLE REGISTRATION AT 694 AND 680 MINNEHAHA AVENUE EAST, SAINT PAUL, MN, DISTRICT 4, WARD 7

Requested Board Action

The action requested of the Board of Commissioners of the Housing and Redevelopment Authority (the "HRA") is as follows: approval authorizing the HRA to enter into an agreement with JB Vang to govern the circumstances under which JB Vang will be permitted to register the abstract portion of the Hamm's Site land before it takes title to such land.

Background

The Hamm's Site is a 4.8-acre HRA owned site, marketed for redevelopment through a Request for Proposals. On January 11, 2023, by Resolution 21-71, the HRA approved JB Vang Partners, Inc. ("JB Vang") as tentative developer. The proposed project will include the construction of the East End Apartment building in 2025, with 159 affordable family-friendly housing units, affordable at 30% to 70% AMI and 6 for-sale affordable townhouse units. Work on the adaptive reuse of the former Hamm's brewery buildings will begin in 2026. Reuse of the brewery buildings will create artist lofts with 89 units at rents from 30% to 70% AMI and 5 for-sale live/work units and a 56,000 square foot multicultural marketplace with stalls that can be purchased by entrepreneurs.

The spring of 2023, the City of Saint Paul was awarded a \$275,000 Metropolitan Council Livable Communities Demonstration Account predevelopment grant for the Hamm's project and a Tax Base Revitalization Account SEED grant of \$50,000. The funds will be sub-granted to JB Vang. JB Vang has started environmental investigation, structural analysis of the historic buildings, planning for designation of a federal historic district, a parking analysis, site plan design, and community engagement.

The current zoning for the site is industrial and will need to be changed to T4. No existing businesses will be displaced or relocated.

The HRA land at the site is part abstract and part registered (or Torrens). The land must be all Torrens for JB Vang to implement the project. A land title registration (or “Torrens”) process must be completed to obtain a certificate of possessory title (“CPT”) or a full certificate of title, as Torrens registration. Due to the long lead time for this, JB Vang desires to immediately start the title registration work, at JB Vang’s cost, and to complete such process before it takes title to the HRA land. Then JB Vang can begin development immediately upon taking title. Since the HRA owns the Hamm’s Site, there is a need for an agreement regarding JB Vang being permitted to register the abstract portion of the Hamm’s Site (the “Proposed Agreement”). The Proposed Agreement will require JB Vang to incur all costs of the land registration. If JB Vang is unable to acquire the Ham’s Site, the Proposed Agreement says the HRA will reimburse JB Vang for its land registration costs (excluding any incomplete work), in an amount not to exceed \$60,000.

Budget Action

There is no budget action requested. Funds for the contingent reimbursement obligation under the proposed agreement are anticipated to be paid from the Hamm’s maintenance budget. There may need to be a technical change to the 2024 HRA budget to carryover 2023 unused Hamm’s maintenance budget to 2024.

Future Action

Future HRA financial assistance to be requested for the redevelopment project will likely include tax increment financing, tax exempt-bonds, 4% low-income housing tax credits, and gap financing that could include HOME and/or CDBG funds. About \$35 Million in tax-exempt conduit revenue bonds will be required in 2025 for the East End Apartments and \$30 Million in 2026 for the Artist Lofts adaptive reuse project.

Financing Structure

In addition to potential funds discussed above, JB Vang plans to secure State and Federal historic tax credits for the Artist Lofts project. Staff anticipates making additional grant requests to the Metropolitan Council and DEED for redevelopment and cleanup grant funding.

PED Credit Committee Review

NA

Compliance

NA

Green/Sustainable Development

NA

Environmental Impact Disclosure

An environmental review is not required at this time.

Historic Preservation

JB Vang is working with the State Historic Preservation Office (SHPO) regarding designation of a federal historic district by the National Park Service (NPS) of the same district area proposed in 2005. The HPC Commission will need to review the proposed federal historic district. JB Vang plans to apply to the National Park Service and State of Minnesota for historic tax credits. SHPO will review the tax credit application in collaboration with the NPS. If HOME or CDBG funds are used, a 106 review by SHPO would be required.

Public Purpose/Comprehensive Plan Conformance

The proposed Hamm's development aligns with the Saint Paul 2040 Comprehensive Plan by meeting the following goals:

- Policy H-7. Reduce overcrowding within housing units, caused by doubling up of households and inadequate space for large families, through the production of small and family-sized affordable housing options.
- Policy H-15. Accommodate a wide variety of culturally appropriate housing types throughout the city to support residents at all stages of life and levels of ability.
- Policy H-31. Support the development of new affordable housing units throughout the city.
- Policy H-46. Support the development of new housing, particularly in areas identified as Mixed Use, Urban Neighborhoods, and/or in areas with the highest existing or planned

transit service, to meet market demand for living in walkable, transit-accessible, urban neighborhoods.

- Policy PR-31. Encourage and support private landowners and developers to create and maintain privately-owned public space (POPS) and green infrastructure, especially as land use intensity and activity levels increase.
- Policy HP-6. Maintain and preserve designated and determined eligible historic and cultural resources.
- Policy HP-9. Prioritize the preservation of properties and districts designated for heritage preservation from destruction or alteration that would compromise the integrity of their character-defining features.
- Policy LU-6. Foster equitable and sustainable economic growth by supporting business, real estate and financial models that keep more money locally, such as locally owned businesses, local-prioritized employment, employee-owned businesses, and commercial land trusts.
- Policy HP-7. Be proactive in the identification, evaluation, survey, and designation of historic and cultural resources to ensure a consistent and equitable approach to preservation that is time-sensitive and responsive to community needs.
- Policy HP-15. Utilize historic and cultural resources to: • improve pedestrian safety, mobility, and visibility; • foster economic development; • support neighborhood revitalization and reinvestment, focusing increased density along transit corridors; • prevent or minimize displacement of area residents and businesses; • provide affordable housing; and • celebrate Saint Paul's rich and diverse cultures and heritage.

The project is consistent with the 2009 Dayton's Bluff District Plan, the 2012 Near East Side Roadmap, and the 2019 Swede Hollow Master Plan.

The project will be designed in a manner consistent with the St. Paul Sustainable Development policy.

Recommendation:

The Executive Director recommends approval of the title registration agreement and attached resolution.

Sponsored by: Councilmember Jane Prince

Staff: Marie Franchett, 651-266-6702

Attachments:

- **Map**
- **Picture**
- **D4 Dayton's Bluff Neighborhood Profile**