

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 25, 2014

**REGARDING: APPROVAL OF THE SALE AND CONVEYANCE OF PARCELS
947 ST. ANTHONY AND 996 IGLEHART AVENUE UNDER THE
INSPIRING COMMUNITIES PROGRAM, SUMMIT-UNIVERSITY,
DISTRICT 8, WARD 1**

Requested Board Action

The specific action being requested of the HRA Board is to approve the sale and conveyance of parcels 947 Saint Anthony Avenue and 996 Iglehart Avenue to Model Cities Community Development Corporation, as referenced in **Attachement A**

Background

On November 28, 2012, the HRA approved an allocation plan for the \$2.5 million that made up the Affordable Housing Trust Fund. The Board approved \$500,000 for a Neighborhood Stabilization Program vacant lot development partnership with the Twin Cities Community Land Bank (TCCLB). The partnership with TCCLB was designed to offer financing, gap assistance and land to developers, and homebuyer assistance to their buyers. TCCLB released an RFP on February 28, 2014 to solicit proposals. Four proposals from three developers were selected.

Through this process, Model Cities Community Development Corporation (Developer) in collaboration with Historic Saint Paul, was awarded funding and two HRA owned vacant properties. Model Cities proposes to move two existing homes scheduled to be demolished as part of the Ryan Companies Whole Foods and Vintage residential project underway at Snelling and Selby. The houses will be moved to and rehabilitated on HRA owned lots at 947 St. Anthony Avenue and 996 Iglehart Avenue.

The agreement between the HRA and the TCCLB states that the HRA will sell the lot for the aggregate amount of HRA investment including acquisition, demolition and holding costs. While this sales price method often results in a sales price above market value, it ensures the HRA's ability to repay NSP funds to HUD in the event of default.

Budget Action

N/A

Future Action

N/A

Financing Structure

The total development cost for this project is \$427,000; \$211,500 for 947 St. Anthony and \$244,177 for 996 Iglehart. These costs include rehabilitation and the cost to move the houses from their present location at Snelling and Selby. Model Cities will receive \$72,500 in gap financing for each property from TCCLB. Model Cities will acquire 947 St. Anthony from the HRA for \$4,000 and 996 Iglehart for \$24,677. The terms of the sale include a \$4,000 deferred acquisition loan (947 St. Anthony) and a \$24,677 deferred acquisition loan at 0% interest. The loans will be completely forgiven at the sale to a qualified homebuyer and will mature one year from the time of closing with the HRA. The remaining funds for the project will be a combination of developer equity, \$10,000 provided by Ryan Companies which is the amount it would cost to demolish the two homes and construction financing through TCCLB.

PED Credit Committee Review

This transaction was reviewed and approved by the PED Credit Committee on May 19, 2014, and the loan was the risk rated as forgivable.

Compliance

The project complies with the Saint Paul/HRA Sustainability Initiative. The project also meets the following:

1. HUD Healthy Home requirements;
2. state requirements for asbestos removal as applicable;
3. local and state building codes, together with the HRA's NSP guiding principles adopted February 24, 2009 to "provide healthy, affordable and quality housing, improving the housing stock above minimum standards by addressing lead, mold, radon, energy efficiency and curb appeal elements;"

4. all items related to energy efficiency as addressed in the Neighborhood Energy Connection (NEC) audit; and
5. lead removal or abatement.

Green/Sustainable Development

This development will comply with the Saint Paul/HRA Sustainability Initiative. The project will also meet the following NSP requirements:

1. Conforming with the Enterprise Green Communities Minnesota Overlay requirements.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

This action supports all three strategies of the Housing Chapter of the City's Comprehensive Plan: 1) build on Saint Paul's strengths in the evolving metropolitan housing market; 2) preserve and promote established neighborhoods; and 3) ensure the availability of quality and affordable housing across the City.

The purchase, rehab and sale of this property supports the goal of the Inspiring Communities Program to strategically channel resources and build upon stabilization efforts in neighborhoods most impacted by vacancy and foreclosure in order to further the HRA's mission to "preserve, grow and sustain" neighborhoods.

Statement of Chairman

"Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of conveyance of a certain Parcel of land located in **Summit-University** by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA).

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, June 14, 2014. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings.

The HRA proposes to convey the following property in the **Summit-University** area:

Property Description	Purchaser/Developer	Purchase Price
947 St. Anthony Avenue	Model Cities CDC	\$4,000.00
996 Iglehart Avenue	Model Cities CDC	\$24,677.00

The property will be conveyed for development as single-family for-sale housing.

Is there anyone who wishes to be heard on this sale? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

The Executive Director and staff recommend approval of this sale in accordance with the attached resolution.

Sponsored by: Commissioner Thao

Staff: Marty McCarthy, 266-6552

Attachments

- **Attachment A -- Resolution**
- **Attachment C -- Map/Address of Project, should include libraries, parks, schools.**
- **Attachment D -- Project Summary Form**
- **Attachment E -- Sources and Uses Summary Form**
- **Attachment F -- Public Purpose Form**
- **Attachment G -- Census Facts**