

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

**REPORT TO THE COMMISSIONERS**

**DATE: AUGUST 28, 2019**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF 716 DESOTO STREET AND 686 BURR STREET UNDER THE INSPIRING COMMUNITIES PROGRAM; AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT, DISTRICT 5, WARD 5**

## **Requested Board Action**

- Approval of the sale and conveyance of 716 Desoto Street and 686 Burr Street owned by the Housing and Redevelopment Authority of the City of Saint Paul (HRA).
- Authorization to enter into a development agreement with Dayton's Bluff Neighborhood Housing Services (DBNHS) for redevelopment.
- Authorization of expenditure up to \$324,920 associated with the redevelopment of said properties.
- Waiver of the 45-day written notice in the Policy and Procedures for Disposition of HRA Owned Real Estate.

## **Background**

The HRA took title to the vacant lots at 716 Desoto Street in 1984 and to 686 Burr in 1981. In 2013, PED staff reviewed the inventory of HRA-owned property, and the Inspiring Communities team took responsibility for property suitable for rehabilitation or development of single and two-family homes, including these two vacant lots.

The two lots were purchased and/or maintained using Community Development Block Grant funds (CDBG) and are therefore required to follow CDBG regulations. The CDBG regulations require that the investment benefit low- or moderate-income individuals and that new construction of housing must be carried out by a Community Based Development Organization (CBDO). The

Department of Housing and Urban Development (HUD) defines what types of organizations can be certified as a CBDO, including a geographically limited, community-based service area and board membership requirements. The only CBDO in the project area, and one of the few remaining in Saint Paul, is Dayton's Bluff Neighborhood Housing Services (DBNHS).

In November of 2018, DBNHS presented a proposal to HRA staff to purchase, develop and sell both properties to households with incomes at or below 80% of area median income, consistent with HUD CDBG requirements. The proposal has been reviewed by HRA staff and deemed reasonable. DBNHS proposes to purchase the properties for a combined total of \$24,800 and has requested a total of \$324,920 in development gap financing to construct one unit on each lot.

Given that the only developer eligible to construct homes on these vacant lots under HUD rules requiring a CBDO is DBNHS, staff requests a waiver of the 45-day notification period required by the HRA's property disposition policy.

### **Budget Action**

No budget action is required. The project will be funded via the Inspiring Communities Disposition Work Plan and Budget (the "DWPB"). These projects will be funded with CDBG funds that were allocated to the Inspiring Communities program.

### **Future Action**

No future action will be required. Once the HRA approves the requested action, staff will proceed to execute a development agreement and convey the property.

### **Financing Structure**

Financing will be as indicated in the Inspiring Communities Ownership Program Manual. Development gap assistance will be structured as a deferred loan, secured with a note and mortgage at 0% interest. Upon completion of the rehabilitation and occupancy, the loan will be forgiven.

### **PED Credit Committee Review**

The Credit Committee reviewed the Inspiring Communities Homeownership Program Manual on September 23, 2013. The program terms and conditions were recommended for approval by the Credit Committee at that time.

### **Compliance**

Development will comply with all applicable requirements, which may include the following:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Two Bid Policy
6. Saint Paul Sustainable Development Policy

### **Green/Sustainable Development**

The project will follow the Inspiring Communities program criteria, and will meet the Home Performance for ENERGY STAR standards.

### **Environmental Impact Disclosure**

Per HUD funding requirements, a Categorical Exclusion statutory checklist was completed and the project was determined to be exempt.

### **Historic Preservation**

The site is not within a locally or federally designated historic district. The State Historic Preservation Office has concluded that the project will not negatively impact any potential or existing historic resources.

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

Please see the attached Public Purpose Form. The attached Comprehensive Plan includes a list of Comprehensive and Neighborhood Plan documents that the proposed actions fulfill.

### **Statement of Chair**

“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 Parcels of land located in the Payne-Phalen Planning District 5, by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, August 17, 2019. 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 Payne-Phalen District 5:

**Property Description**

716 Desoto Street, legally described as: Lot 20, Block, Subdivision and Addition to Irvine’s Addition to Outlots

**Purchaser/Developer**

Dayton’s Bluff Neighborhood Housing Services

**Purchase Price**

\$12,400.00

The HRA proposes to convey the following property in Payne-Phalen District 5:

**Property Description**

686 Burr Street, legally described as: Lot 12, Block 2, Subdivision of and Addition to Irvine’s Addition of Outlots

**Purchaser/Developer**

Dayton’s Bluff Neighborhood Housing Services

**Purchase Price**

\$12,400.00

The above property will be conveyed for the purpose of redevelopment of affordable ownership 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 recommends approval of the sale, entrance into development agreement and the authorization of expenditures in accordance with the attached resolution.

**Sponsored by:** Commissioner Brendmoen

**Staff:** Sarah Zorn (651-266-6570)

**Attachments**

- **Map**
- **Public Purpose**
- **District 5 Profile**
- **Plan conformance**