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The HRA process is the problem

Claims that the HRA has extensively marketed and sought cost effective ways to rehabilitate the properties in the Dayton's Bluff Historic District do not hold up to the light of day. Obstacles to the reuse of properties in the Dayton's Bluff Historic District are largely created by the HRA itself. It is more than disappointing that the HRA seems poised to purposely do great damage to a neighborhood while throwing away nearly a million dollars of property and cash. The HRA is pushing hard to get demolition approval when neighborhood residents are willing to work with the HRA to rehabilitate these properties and keep them on the tax rolls. The neighborhood has a strong record of collaborative problem solving and many examples of working together to successfully rehabilitate properties. Many of the properties the neighborhood residents rehabilitated were in worse shape than the HRA owned properties.

HRA poised to be Scrooge for Christmas

You have to ask yourself why the HRA is rushing to get approval on December 2nd for a Christmas Holiday Demolition Derby in the neighborhood? This demolition derby would be days before our newly elected Councilmember is seated. Jane Prince has a lengthy record of support of the Historic District and residents efforts to have a say in their future. Why is the HRA unwilling to work with neighborhood residents and our new Councilmember?

HRA unwilling to do even the most basic step of marketing

Most people who are interested in selling a property actually put a "For Sale" sign up on the property. HRA Rules require this to be done. The HRA has not even taken this rudimentary step of marketing. Why has the HRA not put up signs to market the properties and market the neighborhood?

Adopted 5/28/03
Amended 9/23/09

Policy and Procedures for Disposition of HRA Owned Real Estate

I. PURPOSE

A. The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) is legally permitted to acquire real estate in accordance with a redevelopment plan for the purpose of redeveloping it for residential or commercial uses, or without a redevelopment plan for the purpose of removing blight or for low or moderate income housing. The purpose of this Policy and Procedures for Disposition of HRA Owned Real Estate (Policy) is to provide a

uniform and consistent approach for the sale, lease or other disposition of real estate now owned or hereafter acquired by the HRA.

B. In addition to the procedures described in this Policy, there are legal requirements imposed by law on the disposal of HRA owned real estate and these are located in Minn. Stat. Section 469.029 which provides that the HRA can sell or lease real estate without public bidding only after a public hearing, and published notice of the hearing must be given at least 10 days but not more than 30 days before the hearing.

C. This Policy replaces the (a) Disposition Policies and Procedures for Sale of HRA Residential and Non-Residential Land dated March 11, 1980 and (b) Disposition Policies and Procedures Applicable for the Sale of HRA Single and Two Family Lots and Homes for Rehabilitation approved by the HRA Board on March 8, 2000. This Policy does not apply to (i) the disposition of real estate governed by the existing Garden Lease Guidelines adopted by HRA Resolution No. 96-6/26-1, and the Guidelines for Disposition of Splinter Parcels adopted by HRA Resolution No. 93-8/24-2, which two Guidelines remain in effect, (ii) real estate subject to a tentative developer designation or HRA contract existing at the time this Policy is adopted by the HRA Board of Commissioners, and (iii) real estate owned by the HRA and used for parking. This Policy is not intended to and does not create any legal rights to persons or entities. Any modifications or waivers to the Land Disposition policy requires applicant to demonstrate hardship and requires Board approval.

II. OBJECTIVES

The objectives of this Policy are:

- A. To ensure a consistent, open process by which the HRA sells or releases its real estate for redevelopment.
- B. To maximize the HRA's ability to promote redevelopment opportunities relative to its real estate holdings.
- C. To minimize the level of public investment required to acquire and redevelop real estate in the City of Saint Paul.
- D. To minimize the period of time that real estate is held by the HRA before it is sold or otherwise released for redevelopment.
- E. To maximize the resources available for future real estate acquisition and redevelopment.
- F. To provide equal opportunity for all minorities, women and small businesses to purchase HRA owned real estate.

III. PROCEDURES

A. RFP/RFQ

1. The HRA may solicit development proposals for a particular site through a Request for Qualifications (RFQ) and/or a Request for Proposals (RFP). A RFQ is used to ascertain the qualifications of potential developers. A RFP is used to solicit specific development proposals

for a site. The RFQ/RFP will reflect the type of development/developer sought by the HRA, and may specify other parameters as well (e.g. desired timeline for development, remediation requirements, density, affordable housing units, etc.). The RFQ/RFP will be advertised in four locations: (a) on the City's web site; (b) in local newspapers; (c) on the HRA agenda; and (d) on the real estate via a property sign; and notice will be given to the affected district council.

Underlining added for emphasis.

Cost claims do not stand up to scrutiny and are greatly misleading

The Historic Preservation Commission (HPC) September 17, 2015 packet regarding 716 Wilson demonstrates how misleading the claims are. The HRA letter cites total development cost range of \$600,000 to \$670,000 for 716 Wilson, resulting in subsidy of \$480,000 to \$550,000. Sounds outrageous and those numbers are outrageous. *Keep in mind these are not the costs to meet code compliance or some other reasonable standard.* These are costs for ill advised plans to convert a nice 2 bedroom, 1 bath home into a 4 bedroom 2 bath rental property. Adding 2 bedrooms and a bath has nothing to do with the Historic District or actual costs to make this property habitable. On a neighboring property the HRA costs include a roof top deck for entertaining. These are just two examples of how costs the HRA is using are misleading. The HRA should never be claiming that these outrageous costs reflect the cost to reuse these properties, when these costs clearly have no relationship to what it costs to meet code compliance or some other reasonable standard. Tearing down these properties is not the answer. Changes at the HRA are what is needed.

The HRA purchased 716 Wilson for \$150,000. Before the HRA purchased the property, building permits were pulled and repairs were made. The house was issued a Certificate of Code Compliance by the City before the HRA purchased the home. Instead of marketing this house to a family, the HRA conducted a site visit with a developer that submitted the plan to convert the 2 bedroom home into a 4 bedroom rental property. Their proposal was to move the house, construct a new basement, and a new garage. The basement was needed to accommodate the 2 bedrooms and bath they wanted to add. The developer provided as justification, a report that repairs of the foundation is not an option, and that even if repairs to the foundation were possible, the water infiltration would continue to be an issue at this particular site, given its topography.

The home had a Code Compliance Report done by the City. Essentially, the property was approved for occupancy. There was no mention of foundation problems or structural issues during the time permits were issued and finalized to repair the structure. The Code Compliance Report called for repointing the interior/exterior foundation as necessary. The HRA presumably inspected the home before they paid \$150,000 for it. No report has been submitted that the HRA purchased the home with an unrepairable foundation. During a June 7, 2011 site inspection, HPC staff did not observe any conditions on the interior to raise concerns. HPC staff considered the architectural and historical integrity of the Schornstein House to be good. The September 14, 2015 structural report to the HRA, shows the need for some tuck pointing on the exterior of the

foundation and repair of cracks and spalling on the interior, but points out that the condition is not necessarily unsafe or insufficient, however, they would require repair. *How many 103 year old homes do not need some foundation repairs?*

The claims by HRA that this home has a development cost of \$600,000 to \$670,000 and would require a public subsidy of \$480,000 to \$550,000 are greatly misleading. Keep in mind these claims are based on the house before the fire. If you look at the HPC photos dated June 7, 2011, you can easily see that the home is a nice move-in ready property. Anybody can clearly see this nice 2 bedroom home did not require \$600,000 to \$670,000 in development cost and a public subsidy of \$480,00 to \$550,000 for it to serve as a home for a family and an asset for the neighborhood. This illustrates how the HRA process is the real problem.

The City Council should allow the neighborhood the opportunity to work with the City to come up with a better plan than the proposed Christmas Holiday Demolition Derby.