

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

**REPORT TO THE COMMISSIONERS**

**DATE: NOVEMBER 8, 2017**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE REMOVAL OF CONTINGENCIES AND EXECUTION OF A DEVELOPMENT AGREEMENT FOR: (A) SALE AND CONVEYANCE OF 940 SELBY AVENUE, 0 SELBY AVENUE, 0 VICTORIA STREET, AND 838 SELBY AVENUE, SAINT PAUL, MN TO RONDO COMMUNITY LAND TRUST AND COMMUNITY HOUSING DEVELOPMENT CORPORATION, AND (B) COMMITMENT OF HOME FUNDS, CDBG FUNDS AND NET LAND SALES PROCEEDS, BUDGET AMENDMENT DISTRICT 8, WARD 1**

**Requested Board Action**

Request the Saint Paul Housing and Redevelopment Authority (HRA) Board of Commissioners to remove the contingencies and execute a Development Agreement for the sale of HRA-owned property, commit \$300,000 in HOME funds, \$500,000 in CDBG funds, and \$450,000 of net land sale proceeds from HRA-owned parcels located at 940 Selby Avenue, 0 Selby Avenue, 0 Victoria Street and 838 Selby Avenue (previously referred to as 838, 840, and 940 Selby Avenue, and collectively referred to herein as the (Project Sites) and approve a budget amendment. The action is requested in order to assist Rondo Community Land Trust (Rondo CLT) in partnership with Community Housing Development Corporation (CHDC) in the development of the Selby-Milton-Victoria affordable senior housing and affordable commercial space (Project), under the terms and conditions related to the specific financing instruments contained in the attached Resolution. This action is to be contingent upon the HRA not receiving significant objection to the proposed change in use of the (Project Sites) during the community comment period, which is scheduled to be open from November 10 through December 11, 2017.

**Background**

Rondo CLT and CHDC are working to create 34 units of affordable housing (Summary of **Housing Affordability** is attached) and 9,300 square feet of affordable commercial space on HRA-owned parcels located at 838, 840, and 940 Selby Avenue. The project's marketing focus is on helping people currently in the neighborhood stay in the neighborhood as a recent increase in private investment has raised rents and property values.

On May 13<sup>th</sup>, 2015, through Resolution No. 15-868, the HRA designated Rondo CLT and CHDC as Tentative Developers for the HRA parcels at 838, 840, and 940 Selby Avenue. On June 22, 2016, through Resolution No. 16-205, conditionally approved the sale and conveyance of the properties to the Tentative Developer and conditionally approved up to \$300,000 of HOME funds, up to \$500,000 of CDBG funds, and up to \$450,000 of net land sales proceeds, contingent on the Tentative Developer securing the necessary additional financing for the project.

On October 12, 2016, through Resolution No. 16-1770, the HRA approved the reservation of \$755,842 of 2017 Low Income Housing Tax Credits for the Selby Milton Victoria project, contingent on the developer securing necessary financing. On September 13, 2017, through Resolution No. 17-1454, the HRA approved the reservation of \$295,010 of 2018 Low Income Housing Tax Credits for the Selby Milton Victoria project, contingent on the developer securing necessary financing.

The sale of the land and financial assistance were contingent on the Project securing all other necessary financial assistance by December 31, 2017 which has now been met. The Developer has secured foundation grants to fulfill the owner's equity requirements. The Developer has also fully executed a Letter of Intent from an equity investor for the LIHTCs and is awaiting the draft Partnership Agreement.

### **Budget Action**

A budget amendment for the HRA Commercial Loan in the amount of \$425,000 is included in the attached **Financial Analysis**. The HOME and CDBG funds will be allocated through the AO process. If this resolution is approved there will be a remaining uncommitted HOME balance of \$1,738,509 and CDBG balance of \$1,008,000.

### **Future Action**

In the event that significant objection is raised to the proposed change in use of the Project Sites, staff will work with the affected community to consider revisions to the Project, which could then be brought back before the HRA Board for future consideration.

## **Financing Structure**

Summary of Development **Sources and Uses** is attached. Sources include the following:

- \$425,000 HRA Commercial Loan
- \$100,000 Neighborhood STAR Loan
- \$224,000 Neighborhood STAR Grant
- \$525,000 CDBG Loan
- \$300,000 HOME Loan

Summary of **Proposed Financing Terms** is attached.

## **PED Credit Committee Review**

The PED Credit Committee will review the terms of the loans for the HOME, STAR, CDBG and HRA (net land sales proceeds) including the risk rating of each loan on November 6, 2017.

## **Compliance**

The Developer has submitted a signed letter acknowledging receipt of the following City/HRA compliance documents that will be applicable for this Project:

- Vendor Outreach Program
- Two Bid Policy
- Affirmative Action
- Labor Standards
- Living Wage
- Business Subsidy
- Project Labor Agreement

## **Green/Sustainable Development**

The Developer will follow the City's Green/Sustainable Development Policy and has conducted a preliminary meeting with PED Sustainable Building Policy staff.

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

Redevelopment of the Site will add considerable value to the city's tax base, provide additional life-cycle housing and neighborhood commercial space, and enhance the streetscape along this key segment of Selby Avenue.

The project is consistent with the City of Saint Paul's Comprehensive Plan:

Selby Avenue is identified in the comprehensive plan as a mixed use corridor. In mixed use corridors two or more of the following uses can be located: residential, commercial, retail, office, small scale industry, institutional, and open space. The proposed mixed use building is consistent with mixed use corridor land use and strategy. All of the senior housing units are priced at 30% to 60% of area median income, which is consistent with strategy 3 of the housing chapter ensuring the availability of affordable housing across the city. The inclusion of senior housing is consistent with strategy 26 of the District 8 neighborhood plan, which calls for increasing the housing options for seniors that wish to continue living in the neighborhood.

Strategy 28 of the neighborhood plan specifically identifies the subject parcel and calls for pursuing high quality development at 940 Selby Avenue consistent with the underlying zoning. The housing chapter of the neighborhood plan lists certain priorities which includes a statement of support for the Rondo Land Trust in their work to provide affordable housing.

### **Recommendation:**

Staff recommends approving and authorizing the removal of contingencies and execution of a development agreement for: a) the sale and conveyance of land to Rondo Community Land Trust and Community Housing Development Corporation, and b) commitment of HOME funds, CDBG funds, and net land sales proceeds for the project located on the HRA-owned properties at 940 Selby Avenue, 0 Selby Avenue, 0 Victoria Street and 838 Selby Avenue; and approval of a budget amendment.

**Sponsored by:** Commissioner Thao

**Staff:** Ross Currier 266-6611

## **Attachments**

- **Map**
- **Housing Affordability**
- **Sources and Uses**
- **Financial Analysis**
- **Proposed Financing Terms**
- **Public Purpose**
- **District 8 Profile**