

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 11, 2017

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF 216-218 BATES; AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT. DISTRICT 4, WARD 7.**

## **Requested Board Action**

The actions being requested of the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“the HRA”) are as follows:

- Approval of the sale and conveyance of HRA-owned property 216-218 Bates Avenue, to Cory A. Vandenberghe.
- Authorization to enter into development agreement with Cory A. Vandenberghe, for redevelopment of the property.
- Authorization of expenditures as identified in this report for said property.
- Authorization of expenditures as identified in this report for drainage corrections at 212 Bates Avenue.

## **Background**

216-218 Bates is a vacant two-story building owned by the HRA since 2007. The building has been vacant since at least August, 2005. The property has been used variously for both commercial and residential occupancies. It was most recently configured as one residential unit above a commercial business. The HRA acquired the property for \$110,000 in December, 2007. Community Development Block Grant (“CDBG”) funds were used for the acquisition.

HRA staff pursued multiple rehabilitation proposals for 216-218 Bates, including a multi-property proposal combining its rehab with that of two additional HRA-owned structures. Staff was unable to arrive at a financially viable rehabilitation proposal. Thus, in 2014 HRA staff sought permission from the Heritage Preservation Commission (“the HPC”) to demolish the

structure. The HPC authorized demolition pursuant to certain conditions being met. Staff did not meet those conditions prior to expiration of the demolition approval.

In the Spring of 2016, staff prepared a Request for Proposals for 216-218 Bates, along with 5 additional HRA-owned buildings in the Dayton's Bluff Heritage Preservation District (the "RFP"). The RFP used the principles of the HRA's Inspiring Communities program as the organizational backbone of the process. The Inspiring Communities Homeownership Development Program Manual was included as part of the RFP. Community members, under the coordination and leadership of the Dayton's Bluff Community Council, were instrumental in assisting with marketing of the RFP.

Through the RFP, Cory A. Vandenberghe submitted a proposal to rehabilitate 216-218 Bates into a single-family home for his own occupancy. After a higher-scoring proposal was withdrawn, Mr. Vandenberghe's proposal was determined to be the most feasible received. Mr. Vandenberghe requested the property be conveyed for \$1 and he would additionally need \$178,000 in cash subsidy.

Recently staff, in consultation with the United States Department of Housing and Urban Development, went through a change-of-use process in order to make Mr. Vanderberghe's project consistent with CDBG regulations. A public comment period was announced and no concerns were submitted. The project subsidy will be funded with local non-federal resources, and will not be subject to CDBG regulations.

This HRA Board Resolution also authorizes expenditure of \$40,000 for drainage corrections at adjacent property 212 Bates Avenue. It is likely that the HRA-funded work at 216-218 Bates, 208-210 Bates, and 716 Wilson will adversely affect the already problematic storm water management at 212 Bates. This affordable housing townhouse development was initially subsidized by the HRA, and it is in the public's interest to assist in its long term viability. The HRA-funded construction on three adjacent parcels presents an opportunity to assist in this needed work in a cost-effective manner.

### **Budget Action**

No budget action is necessary. Funding for these expenditures is available in four existing budget line items. See table below.

	<i>208-210 Bates</i>	<i>216-218 Bates</i>	<i>212 Bates</i>	<i>716 Wilson</i>	
<i>CDBG (IDIS #1829)</i>	\$99,858				\$99,858
<i>CDBG (IDIS #1828)</i>	\$387			\$20,537	\$20,924
<i>ISP ("Bates – Wilson")</i>	\$178,755	\$178,000	\$40,000		\$396,755
<i>CDBG (IDIS #2007)</i>	\$321,000				\$321,000
	\$600,000	\$178,000	\$40,000	\$20,537	\$838,537

### **Future Action**

No future action will be required. Once the HRA takes action approving the sale of the property, staff will proceed to execute development agreements and convey property.

### **Financing Structure**

Financing will be as indicated in the Inspiring Communities Homeownership Program Manual. Value Gap assistance will be structured as a 0% interest, forgivable loan. The loan will be forgiven upon completion of the project (Certificate of Occupancy) and the execution of an Affidavit of Agreement to owner-occupy the property for at least 5 years.

### **PED Credit Committee Review**

Credit Committee review is not a requirement of the sale of property. The Credit Committee reviewed the Inspiring Communities Homeownership Program Manual on September 30, 2013. The terms and conditions contained therein 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. Fair Housing Opportunities
6. Two Bid Policy
7. Saint Paul Sustainable Development Policy

### **Green/Sustainable Development**

The project will follow the Inspiring Communities program criteria, and will meet the Home Performance with ENERGYSTAR rebate program standard.

### **Environmental Impact Disclosure**

The Tier 1 environmental review determined that all activities were either exempt or categorically excluded.

### **Historic Preservation**

This project is located in the Dayton's Bluff Heritage Preservation District and is thus subject to District design guidelines and Heritage Preservation Commission ("HPC") review. HPC staff has been consulted and the developer has been informed of these requirements.

### **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 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 Dayton's Bluff District 4 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, December 24, 2016. 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 Dayton's Bluff District 4:

**Property Description**

216-218 Bates Avenue

**Purchaser/Developer**

Cory A. Vandenberghe

**Purchase Price**

\$1

The above property will be conveyed for the purpose of redevelopment.

“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 a development agreement and the authorization of expenditures in accordance with the attached resolution.

**Sponsored by:** Commissioner Prince

**Staff:** Joe Musolf (651-266-6594)

**Attachments:**

- **Attachment – Comprehensive Plan Conformance**
- **Attachment – Project Summary**
- **Attachment – Map**
- **Attachment – Sources and Uses Summary**
- **Attachment – Public Purpose**
- **Attachment – District 4 Profile**