

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

REPORT TO THE COMMISSIONERS

DATE: APRIL 11, 2012

**REGARDING: AUTHORIZATION TO APPROVE THE SALE AND CONVEYANCE OF
PARCEL 61 E. GEORGE STREET UNDER THE ISP PROGRAM, West
Side DISTRICT 3.**

Requested Board Action

Authorization for the sale and conveyance of Parcel 61 E. George Street. to Sean and Lisa Twomey.

Background

The property located at 61 E. George Street was purchased on November 10, 2008 under the Invest Saint Paul Program (ISP) Initiative approved by the HRA on August 8, 2007 by Resolution 07-08/08-3. HRA had approved numerous actions under ISP including the strategic acquisition and rehabilitation of single family homes in order to address the program's holistic approach to neighborhood revitalization. The property is a two story, 1,250 sq/ft home with 3 BD/1 BA; it was built in 1926. The Sheriff's sale was held on February 19, 2008 with a six month redemption period. The house had been vacant prior to January 11, 2008. The HRA purchased the property for \$51,000. The cost of rehabilitation was estimated at \$125,000 and included construction of a new garage. The estimated resale value was placed at \$140,000 based on market conditions at the time of acquisition, and prior sales, with an estimated subsidy of \$40,000 which considered all rehab requirements, energy efficiency, marketability, curb appeal, and holding costs. See Financing Structure below for breakdown on gap/subsidy assistance and program income.

The sale of this and other ISP homes will generate program income that will be recycled and used to fund rehabilitation of other properties acquired under ISP-related activities.

See **Attachment B – Marketing Process and Procedures/Homebuyer Incentive Program** for more information on NSP fair marketing efforts. ISP homes are being marketed in the same manner and according to the same fair marketing regulations as NSP homes.

Budget Action

No budget action is being requested. City Council took necessary ISP budget actions on August 8, 2007 (Resolution 07-726); HRA took necessary actions on August 8, 2007 (Resolution 07-08/08-3). All actions identified the eligible funding activities approved under the Invest Saint Paul Initiative and Work Plan.

Future Action

No future action will be required. Once the HRA takes action approving the sale of the property, staff will proceed to schedule a closing and convey the property.

Financing Structure

The property is being sold based on the after-rehab appraisal, consideration of ISP costs and estimated resale value based on market conditions for \$130,000. A deed conveying the property includes a restriction requiring owner-occupancy. The first mortgage will be DVA financing and held by Bell Mortgage. In addition, the purchaser will be using down payment and closing cost assistance provided by the ISP/NSP Homebuyer Assistance Program.

(The ISP/NSP Homebuyer Assistance Program is both an incentive and a tool to assist in keeping mortgage payments affordable long term. The assistance provides \$14,500 to any home buyer purchasing an ISP/NSP house assisted by HRA. The funds can be used for down payment, closing costs, interest write-down or affordability.)

Subsidy Analysis:

	Estimated Cost	Actual Cost
Acquisition Purchase Price	\$ 51,000.00	\$ 51,000.00
Rehab	\$ 125,000.00	\$ 116,798.04
Soft Costs	\$ 20,000.00	\$ 15,087.72

Total Development Cost	\$ 196,000.00	\$182,885.76
Sale Price	\$ 145,000.00	\$ 130,000.00
Gap Assistance/Subsidy NSP Sales Closed Out	\$ 51,000.00	\$ 52,885.76
Sales Price		\$ 130,000.00
Realtor, Closing Costs		- 9,800.00
Homebuyer Assistance		- 14,500.00
Program Income (back into ISP)		\$ 105,700.00 subject to final closing costs

Note: Soft costs include: marketing, insurance, holding costs, construction management, etc.

PED Credit Committee Review

Credit Committee review is not a requirement of the sale of property.

Compliance

This development complied with all the following requirements:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Fair Housing Opportunities
6. Two Bid Policy

Green/Sustainable Development

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

1. HUD Healthy Home Requirements
2. State requirements for asbestos removal where applicable.
3. All local and State building codes together with the HRA's NSP guiding principles adopted February 24, 2009: "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.
5. Lead removal or abatement.

Environmental Impact Disclosure

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

Historic Preservation

This property was found to be in compliance with all applicable regulations.

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.

This purchase, rehab and sale of this property supports the goal of the ISP/NSP Program/Plan to strategically channel resources into neighborhoods being challenged by recent economic and social downturns and persistent disinvestment including: 1) creating working partnerships among private developers, CDCs, District Councils and neighborhood residents; 2) bringing together resources, time, talent and funding in neighborhoods poised to prosper after a period of disinvestment; 3) reducing the number of vacant houses; 4) rehabilitating or addressing housing units to strengthen the housing stock; 5) improving stability and quality of life in neighborhoods; and 6) building on strengths in Saint Paul's 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 West Side District 3 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, March 31, 2012. 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 West Side District 3:

Property Description	Purchaser/Developer	Purchase Price
61 E. George Street	Sean and List Twomey	\$130,000

The above property was purchased and rehabilitated by the HRA and is being sold at a fair market value for the purpose of homeownership.

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 sale in accordance with the attached resolution.

Sponsored by: Commissioner Thune

Staff: Sarah Zorn (651-266-6570)

Sheri Pemberton-Hoiby (651-266-6615)

Attachments:

- **Attachment A -- Resolution**
- **Attachment B -- Marketing Process and Procedures**
- **Attachment C-- Map/Address of Project and Photos**
- **Attachment D -- Public Purpose Form**
- **Attachment E -- Census Facts**