

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 9, 2015

**REGARDING: APPROVAL OF THE SALE AND CONVEYANCE OF PARCEL
585 THOMAS AVENUE UNDER THE INSPIRING COMMUNITIES
PROGRAM, FROGTOWN/THOMAS-DALE, DISTRICT 7, WARD 1**

Requested Board Action

The specific actions being requested of the HRA Board are as follows:

- Approve the sale and conveyance of parcel 585 Thomas Avenue to Greater Frogtown Community Development Corporation c/o NeighborWorks Home partners, as referenced in the Resolution.

Background

On November 28, 2012, the HRA approved an allocation plan for the \$2.5 million that made up the Affordable Housing Trust Fund. The Board approved \$500,000 for a Neighborhood Stabilization Program vacant lot development partnership with the Twin Cities Community Land Bank (TCCLB). The partnership with TCCLB was designed to offer financing, gap assistance and land to developers, and homebuyer assistance to their buyers. TCCLB released an RFP on February 28, 2014 to solicit proposals. Seven proposals from four developers were selected.

Through this process, Greater Frogtown Community Development Corporation (GFCDC) was awarded funding and two HRA owned vacant properties. GFCDC proposes to construct one new single family home on the HRA owned lot at 585 Thomas Avenue. The other project on 670 Thomas Avenue was built and sold to the end-buyer in mid-March 2015.

The agreement between the HRA and the TCCLB states that the HRA will sell the lot for the aggregate amount of HRA investment including acquisition, demolition and holding costs (while this sales price method often results in a sales price above market value, it ensures the HRA's ability to repay NSP funds to HUD in the event of default).

Budget Action

N/A

Future Action

N/A

Financing Structure

The total development cost for this project is estimated at \$332,728. This cost includes both the soft and hard construction expense to build a single family home, consisting of three bedrooms, two bathrooms and a two car detached garage. GFCDC c/o NeighborWorks Home partners will receive \$129,173 in gap financing from TCCLB and will acquire the property from the HRA for \$43,555. GFCDC is partnering with Greater Metropolitan Housing Corporation (GMHC) on this project. GMHC will be providing the balance of the construction financing at a rate of 4% with principle and interest deferred until the house is sold to the end buyer.

The term of the sale will include a \$43,555 deferred acquisition loan at 0% interest. The loan will be completely forgiven at the sale to a qualified homebuyer and will mature one year from the time of closing with the HRA.

PED Credit Committee Review

This transaction was reviewed and approved by the PED Credit Committee on May 19, 2014.

Compliance

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

1. HUD Healthy Home requirements;
2. state requirements for asbestos removal as applicable;
3. local and state building codes, together with the HRA's NSP guiding principles adopted February 24, 2009 to "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; and
5. lead removal or abatement.

Green/Sustainable Development

This development will comply with the Saint Paul/HRA Sustainability Initiative. The project will also meet the Enterprise Green Communities Minnesota Overlay NSP requirements.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

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.

The purchase, rehab and sale of this property supports the goal of the Inspiring Communities Program to strategically channel resources and build upon stabilization efforts in neighborhoods most impacted by vacancy and foreclosure in order to further the HRA's mission to "preserve, grow and sustain" 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 **Frogtown/Thomas-Dale** 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, November 28, 2015. 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 the **Frogtown/Thomas-Dale** area:

Property Description	Purchaser/Developer	Purchase Price
585 Thomas Avenue	Greater Frogtown Community Development Corporation c/o NeighborWorks Home partners	\$43,555

The property will be conveyed for development as single-family for-sale 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 this sale in accordance with the attached resolution.

Sponsored by: Commissioner Thao

Staff: Jules Atangana, 266-6552

Attachments

- **Attachment B -- Map**
- **Attachment C -- Project Summary**
- **Attachment D -- Sources and Uses Summary**
- **Attachment E -- Public Purpose**
- **Attachment F – District 7 Profile**