

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

**REPORT TO THE COMMISSIONERS**

**DATE: DECEMBER 9, 2020**

**REGARDING: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO DAYTON'S BLUFF NEIGHBORHOOD HOUSING SERVICES AND THE CITY OF SAINT PAUL, AND ENTRANCE INTO A DEVELOPMENT AGREEMENT FOR THE VILLAGE ON RIVOLI PROJECT, DISTRICT 5, WARD 5**

## **Requested Board Action**

The specific actions requested of the Board are:

1. Approval of the sale and conveyance of HRA-owned property to Dayton's Bluff Neighborhood Housing Services (DBNHS) intended for redevelopment as Phase III of the Village on Rivoli Project.
2. Approval of the conveyance of HRA-owned property to the City of Saint Paul for parking associated with the Richard H. Rowan Public Safety Training Center.
3. Authorization to enter into a development agreement with DBNHS in order to carry out the development of Phase III.

## **Background**

In June of 2004, the HRA entered into a development agreement for the redevelopment of several properties in the Railroad Island neighborhood (RRI), which included parcels in the planned Village on Rivoli area. DBNHS has been working with the City, HRA, Minnesota Housing Finance Agency (MHFA), HUD, Pollution Control Agency, District 5 and the RRI Task Force to fund cleanup, redevelopment and planning efforts in RRI for over 15 years. Redevelopment of the Village on Rivoli site was a phase of development in RRI that was never completed due to the economic downturn in the mid to late 2000s; however, much of the site cleanup and grading was completed prior to that time. DBNHS worked for several years to secure funding for infrastructure and construction. The project began in the spring of 2016 after DBNHS acquired seven parcels from the HRA.

On April 27, 2016, by Resolution 16-133, the HRA approved the sale and conveyance of seven lots for the construction of seven single family homes, the entrance into an updated development agreement that contemplated the build-out of the Village on Rivoli development plan, and the allocation of subsidy in the amount of \$463,442. On September 13, 2017, by Resolution 17-275, the HRA approved the sale and conveyance of an additional 5 parcels for the construction of five single family homes and the amendment of the development agreement. During this time, the City, on behalf of DBNHS, secured a Livable Communities Development Account pass-through grant in the amount of \$975,000 for infrastructure construction and, in cooperation with Urban Roots, an orchard was established. To date, twelve single family homes have been constructed and sold to owner-occupants, street and stormwater infrastructure has been constructed, the pocket neighborhood has been platted, the bike/pedestrian trail has been graded, and planning for the solar garden is underway. Approval of this action will facilitate the construction of the remaining units in the project, as indicated in the 2016 Board resolution.

The pocket neighborhood will contain an additional 26 single family units, which will be constructed in phases and as funding becomes available. The next phase of development will include 9 homes located and described as follows:

421 Rivoli Drive – Lot 1, Block 2, Rivoli Bluff

425 Rivoli Drive – Lot 2, Block 2, Rivoli Bluff

429 Rivoli Drive – Lot 3, Block 2, Rivoli Bluff

433 Rivoli Drive – Lot 4, Block 2, Rivoli Bluff

437 Rivoli Drive – Lot 5, Block 2, Rivoli Bluff

441 Rivoli Drive – Lot 6, Block 2, Rivoli Bluff

445 Rivoli Drive – Lot 7, Block 2, Rivoli Bluff

653 Otsego Street – Lot 2, Block 1, Rivoli Bluff

659 Otsego Street - Lot 1, Block 1, Rivoli Bluff

DBNHS has secured funding through MHFA and the City's STAR program for this phase of construction. In order to proceed, the HRA will need to convey its interest in five parcels (437, 441 and 445 Rivoli Drive and 653 and 659 Otsego Street) to DBNHS and enter into a development agreement.

Prior to platting, the parcel on which the Village on Rivoli property lies was irregularly-shaped and included a portion that extended down the hill to Lafayette. Along with the development of the Public Safety Training Facility, the City planned for an auxiliary parking lot and inquired about building the lot on this portion of land. The parking lot has been constructed and includes six public parking spaces adjacent to what will be the trailhead. Now that the land has been platted and the parking lot portion has been split off from the larger parcel intended for the Village on Rivoli development, the HRA can proceed to convey the parking lot portion of the property to the City.

**Budget Action**

No budget action is being requested at this time.

**Future Action**

Future Board action will include amendments to the Development Agreement and the conveyance of additional property as the project progresses. Phase IV of the project will be the construction of seven additional housing units. DBNHS has already secured funding for this phase from MHFA, the City’s STAR program as well as a grant from NeighborWorks America.

**Financing Structure**

<b>USES</b>	<b>7 Alley Homes</b>	<b>2 Otsego Homes</b>	<b>Total</b>
Acquisition Costs	\$24,500	\$7,000	\$31,500
Construction Costs	\$2,382,695	\$747,880	\$3,130,575
Soft Costs	\$361,900	\$107,200	\$469,100
Developer’s Fee	\$219,940	\$68,960	\$288,900
<b>Total Development Cost</b>	<b>\$2,989,035</b>	<b>\$931,040</b>	<b>\$3,920,075</b>

**SOURCES**

<b>Total Development Cost</b>	<b>\$2,989,035</b>	<b>\$931,040</b>	<b>\$3,920,075</b>
Less Sales Price	(\$1,515,750)	(\$460,000)	(\$1,975,750)
Less Site Preparation	(\$586,880)	(\$167,680)	(\$754,560)
Construction Gap	\$886,405	\$303,360	\$1,189,765

STAR	(\$170,050)	(\$90,910)	(\$260,960)
MHFA	(\$504,135)	(\$212,450)	(\$716,585)
CDBG*		(\$212,220)	(\$212,220)

\*CDBG funds were used to purchase modular construction components for four homes in 2019, therefore, four homes will be sold to households at or below 80% of area median income.

**PED Credit Committee Review**

Credit Committee review is not a condition of property sales.

**Compliance**

The project is required to comply with Affirmative Action, Vendor Outreach, HUD Section 3, Sustainable Building Ordinance, Labor Standards, Project Labor Agreement and Two Bid Policy. The project will also comply with Prevailing Wage due to the amount of investment by the State.

**Green/Sustainable Development**

The project will comply with the Sustainable Building Ordinance.

**Environmental Impact Disclosure**

The Village on Rivoli site has been through several stages of remediation in cooperation with the Minnesota Pollution Control Agency and the site is suitable for residential development. No further disclosures are required. In addition, the site has undergone the required Environmental Reviews and plans adhere to any applicable requirements.

**Historic Preservation**

The project area is vacant land and is not located within a historic district.

**Public Purpose/Comprehensive Plan Conformance:**

The Village on Rivoli will return vacant, publicly-owned property to the tax rolls and increase homeownership options within Railroad Island and the Payne-Phalen neighborhood.

The Housing Chapter of the Comprehensive Plan lists the following strategies:

Strategy 1: Build upon Saint Paul's Strengths in the Evolving Metropolitan Housing Market

- 1.1 Increase housing choices across the city to support economically diverse neighborhoods.

Strategy 3: Ensure the Availability of Affordable Housing Across the City.

The Railroad Island Plan lists the following goals:

- 3: Encourage new housing in the community with city grants and revolving funds
- 4: Preserve the affordability of housing in the area by creating new ownership opportunities for a range of income levels.

### **Statement of the Chair**

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 certain Parcels of land located in Payne-Phalen, District 5, by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

Notice of time, place, and purpose of this hearing was published in the Saint Paul Legal Ledger on Thursday, November 26, 2020. The Affidavit of Publication of the Notice of Public Hearing will be made part of these proceedings.

### **Dayton's Bluff Neighborhood Housing Services property conveyance:**

The HRA proposes to convey the following property (or its interest in the property) in District 5, Payne-Phalen to Dayton's Bluff Neighborhood Housing Services for \$1 each:

Property Description:

Lot 1, Block 1, Rivoli Bluff (659 Otsego Street)

Lot 2, Block 1, Rivoli Bluff (653 Otsego Street)

Lot 7, Block 2, Rivoli Bluff (445 Rivoli Drive)

Lot 6, Block 2, Rivoli Bluff (441 Rivoli Drive)

Lot 5, Block 2, Rivoli Bluff (437 Rivoli Drive – this property is jointly owned by the HRA and DBNHS)

Outlot A, Rivoli Bluff (common area property – this property is jointly owned by the HRA and DBNHS)

**City of Saint Paul property conveyance:**

The HRA proposes to convey the following property in District 5, Payne-Phalen to the City of Saint Paul, Minnesota for \$1:

Outlot B, Rivoli Bluff

**Recommendation:**

The Executive Director of the HRA recommends approval of the actions outlined in this report.

**Sponsored by:** Commissioner Brendmoen

**Staff:** Sarah Zorn (651-266-6570)

**Attachments**

- **Map**
- **Public Purpose**
- **District 5 Profile**