

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

**REPORT TO THE COMMISSIONERS**

**DATE: JUNE 10, 2020**

**REGARDING: AUTHORIZATION TO DESIGNATE MWF PROPERTIES, LLC, AS  
TENTATIVE DEVELOPER OF 1180 AND 1186 PROSPERITY  
AVENUE, DISTRICT 2, WARD 6**

## **Requested Board Action**

Staff is requesting the Housing and Redevelopment Authority of the City of Saint Paul (HRA) Board of Commissioners approve the designation of MWF Properties, LLC as tentative developer of 1180 and 1186 Prosperity Avenue from June 10, 2020 to July 1, 2021 in order to finalize financing, construction costs and approvals to construct an affordable housing development on the property.

## **Background**

The HRA acquired the 1180 Prosperity (27-29-22-22-0006) from Bruce G. & Catherine A. Odlaug and David J. & Barbara Odlaug on June 29, 2010 for \$500,000 using TIF Capital Project Fund. 1186 Prosperity (27-29-22-22-0167) was acquired from Keven Xao Yang on May 28, 2015 for \$650,000 using an LCDA City Grant. The properties were not acquired via eminent domain.

In January 2020, HRA staff received an application from MWF Properties, LLC to purchase and develop 1180-1186 Prosperity (Phalen Village North), and issued a solicitation for proposals through the City's ENS system, consistent with the HRA's property disposition policy. During the 45-day early notification system, HRA staff received an additional application from Prosperity Rose Development, LLC, a partnership between Lupe Development Partners and Paster Properties, to purchase and develop the site.

After reviewing both proposals, staff is recommending MWF Properties, LLC for tentative developer status. MWF Properties, LLC has experience in developing multifamily affordable housing.

MWF Properties, LLC proposes to construct a four-story building with 76 housing units and 65 total parking spaces with 46 parking spaces underground. The proposed housing will consist of 56 one-bedroom and 20 two-bedroom units. The units are proposed to be affordable with 25 units at 30% AMI and 51 units at 50% AMI.

The property is currently zoned T2 – Traditional Neighborhood.

### **Budget Action**

No budget action is needed at this time.

### **Future Action**

Future possible actions by the HRA Board would include approval of a Development Agreement to include public financing and hold a public hearing to sell 1180 and 1186 Prosperity Avenue to MWF Properties, LLC.

### **Financing Structure**

Tentative developer status will allow MWF Properties, LLC time to pursue financing for the project to include the State's Housing Infrastructure Bonds (HIB). Securing HIB is a competitive process, contingent on Legislative approval. The estimated total development cost for this project is \$20,805,473. MWF Properties, LLC will be requesting financial assistance from the HRA and other funding partners to help fill this gap. MWF Properties, LLC has proposed to purchase the property from the HRA in the amount of \$560,000. The estimated Ramsey County value for both parcels is \$491,100.

### **PED Credit Committee Review**

PED Credit Committee will review this project prior to any future HRA Board action for financial assistance from the HRA.

**Compliance**

The following compliance requirements may apply to this project: Vendor Outreach Program, Affirmative Action, Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Two-Bid Policy, Project Labor Agreement, Living Wage, and Sustainability Policy.

**Green/Sustainable Development**

The project will comply with the Saint Paul Sustainable Development Policy.

**Environmental Impact Disclosure**

N/A

**Historic Preservation**

N/A

**Public Purpose/Comprehensive Plan Conformance**

Multifamily housing with structured parking at 1180 and 1186 Prosperity is supported by policies in the 2030 Comprehensive Plan and relevant small area plans. Future land use designations in the 2030 Comprehensive Plan are split between Mixed Use in the north and Residential Corridor in the south. The site is also part of the Phalen Village Neighborhood Center. All designations support multi-family residential as appropriate uses. In terms of development intensity, Neighborhood Centers are intended to have a residential density of approximately 30-150 units per acre, and this project is around 66 units per acre. The site is served well by transit, with routes 54 and 64 running along Maryland. Multi-family residential is supported by the following policies:

LU 1.2 Permit high density residential development in Neighborhood Centers, Mixed-Use Corridors, the Central Corridor, and Downtown.

LU 1.12 Balance the following objectives for Neighborhood Centers through the density and scale of development: accommodating growth, supporting transit use and walking, providing a range of housing types, providing housing at densities that support transit, and providing open space and recreational opportunities.

LU 1.25 Promote the development of more intensive housing on Mixed-Use Corridors where supported by zoning that permits mixed-use and multifamily residential development.

Other plans that address the site are the Greater East Side (D2) District Plan, the Phalen Corridor Development Strategy, and the Phalen Village Plan. The Greater East Side Plan promotes higher density, mixed-use development in targeted business areas, including Phalen Village (LU1b). The Northeast Corridor Development Plan anticipates new housing to support retail uses in the area. Finally, the Phalen Village Plan contains a strategy of “creating a compact commercial district that is pedestrian-oriented. Strategy 1 in the “Neighborhood-Oriented Phalen Village Commercial Area” section calls for a pedestrian-oriented commercial district. There are numerous commercial uses surrounding the site, and adding residential in close proximity to them increases the ability for residents to walk to nearby services.

**Recommendation:**

The Executive Director recommends approval of the attached resolution designating MWF Properties, LLC as tentative developer for a period commencing on June 10, 2020 to July 1, 2021 to allow time to meet with the community, secure financing, complete a scope of work, and finalize construction costs.

**Sponsored by:** Commissioner Nelsie Yang

**Staff:** Daniel K. Bayers, Principal Project Manager, 651-266-6685

**Attachments**

- **Map**
- **District 2 Profile**