

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 24, 2026

REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF 1087 ROSS AVENUE; AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT UNDER THE HOUSING AND REDEVELOPMENT AUTHORITY'S INSPIRING COMMUNITIES PROGRAM.

Requested Board Action

Approval of the sale and conveyance of a parcel owned by the Housing and Redevelopment Authority of the City of Saint Paul ("HRA") located at 1087 Ross Avenue to M&M Real Estate Development LLC ("Developer"), authorization to enter into development agreements with the Developer for the redevelopment of said property, and authorization of expenditures, all under the Inspiring Communities Program.

Background

Staff received a proposal from M&M Real Estate Development LLC in December 2025 to build two affordable housing units on HRA-owned 1087 Ross Avenue. Under Section III B (Other Proposals) Subsections 1 and 2 of the HRA Disposition Policy, HRA staff evaluated the development proposal received from M&M Real Estate Development LLC and found it met the objectives and goals of the HRA Disposition Policy. Per Section III B (Other Proposals), Subsection 3 of the HRA Disposition Policy, HRA staff sent an Early Notification System ("ENS") notification to the affected district council and general public ENS subscribers 45 days ahead of scheduling the proposal for presentation to the HRA.

On June 10, 2026 staff presented a development proposal submitted to and reviewed by the PED Small Scale Development Team from the Developer. At this time, staff is prepared to proceed with the Developer's proposal to construct the duplex identified in this report under existing Inspiring Communities Program guidelines.

On July 13, 2022, by Resolution 22-1072, the HRA Board of Commissioners authorized a request for \$2,000,000 from the Housing Trust Fund (HTF) to fund Inspiring Communities projects. By the same action, the HRA Board of Commissioners approved key terms of the Inspiring Communities Program Manuals. The Inspiring Communities Homeownership Program Manual and Inspiring Communities Rental Program Manual guide implementation of the Inspiring Communities program. These manuals explain program requirements to developers, standardize processes and foster consistency and transparency. Manual key terms, clarifications and amendments have been approved on October 9, 2013 by Resolution 13-1592 and on July 13, 2022 by Resolution 22-1072.

The goals of the Inspiring Communities program are to:

- Leverage HRA property to build community wealth.
- Create job opportunities for local residents, including low-income residents, small and emerging businesses, and businesses owned by women and people of color.
- Achieve goals identified in the Housing Chapter of the City of Saint Paul's 2040 Comprehensive Plan.
- Inspire innovative and environmentally sound design and construction.

To date:

- The program has created over 240 affordable homeownership opportunities and over 50 affordable rental units.
- Nearly two out of every three homeowners and more than three out of every four renters served are people of color.
- Funding has come from a combination of local, state and federal resources.
- By returning vacant, City, and HRA-owned properties to productive use, maintenance costs to the City have been reduced and tax revenues have increased.

1087 Ross Avenue, District 4, Ward 6

This lot is 40' x 90' for a total of 3,600 square feet. The developer proposes to construct a side-by-side 2-story duplex, with 3 bedrooms and 2 baths per unit. Each unit will include a one stall garage.

Following completion, the Developer has committed to selling each unit to separate households with income up to 120% AMI.

The land will be sold to the Developer for \$45,000 and the development subsidy request is \$391,800 for a gross subsidy request of \$436,800. The total development cost (TDC) for this project is \$906,800 and the estimated sales price is \$470,000 (\$235,000 per unit). In addition, the buyer will be eligible to receive down payment assistance and/or affordability gap in accordance with program guidelines.

Project costs are broken out as follows:

Land	\$ 45,000.00
Construction Costs	\$ 730,000.00
Soft Costs	\$ 62,800.00
Developer Fee	\$ 69,000.00
Total Development Cost	\$ 906,800.00
<i>Estimated Sales Price</i>	(\$ 470,000.00)
Total Development Gap (TDG)	\$ 436,800.00
TDG Less Land Cost	\$ 391,800.00

Recommendation

Staff has determined that (a) the construction costs are competitive and do not have any excessive design elements; (b) the proposed developer fees are within program parameters; (c) the estimated sale prices are in line with the market; and (d) a reduced subsidy request can only occur if there is a reduction in construction costs in the future and/or an increase in sales price, which is unknown at this time. By proceeding with the proposed sales and subsidy allocation, the HRA will save holding and maintenance costs, the property will be put back on the tax roll and contribute to the city's economy, and two units of owner-occupied housing for low and moderate-income households will be produced.

Budget Action

No budget action is required. These projects will be funded via the Inspiring Communities Program residual budget. A maximum of \$400,000 (\$200,000 per unit) has been allocated for total net expenditures.

Future Action

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

Financing Structure

As indicated in the program manual, development subsidy and land write-down (value gap) provided to awardees will be secured with a note and mortgage at 0% interest. At the time the property is sold to two homeowners, the value gap assistance loan will be forgiven. Funds will be disbursed, along with any additional project financing, throughout the project schedule. The final disbursement will be at the time the property is sold to two homeowners or when all expenditures can be reconciled, and the final value gap amount can be determined based on the purchase price and actual costs incurred.

PED Credit Committee Review

Credit Committee review is not a requirement of the sale of property. However, the Credit Committee has periodically reviewed financing terms contained in the Homeownership and Rental Program Manuals, initially in 2013 and most recently on November 30, 2021, and has recommended approval.

Compliance

Development under the Inspiring Communities program will comply with all applicable requirements, which may include:

1. Affirmative Action/Equal Economic Opportunity
2. Vendor Outreach
3. Section 3

4. Two Bid Policy
5. Limited English Proficiency
6. Applicable affordability requirements
7. Fair Housing Opportunities

Green/Sustainable Development

This project will comply with Enterprise Green Communities criteria as modified by the Minnesota Housing Overlay and those portions of the Sustainable Building Ordinance that are not waived with the aforementioned action, as applicable.

Environmental Impact Disclosure

Environmental determinations are dictated by a project's funding source and proposed redevelopment plans. All projects will adhere to applicable environmental requirements.

Historic Preservation

The property being recommended for sale is not located in a Heritage Preservation District and is currently a vacant lot.

Public Purpose/Comprehensive Plan Conformance:

Inspiring Communities projects substantially meet each of the seven major goals of the housing chapter of the City's 2040 Comprehensive Plan. Those specific policies of the housing chapter which these projects address to the greatest degree are:

- Policy H-10. Encourage the use of energy efficient mechanical systems and building products in rehabilitation and new construction to decrease building operation costs and impacts on the environment.
- Policy H-13. Encourage the use of long-lasting, high-quality building materials for residential buildings to decrease long-term housing maintenance and energy costs.
- Policy H-34. Support the development of new affordable ownership opportunities through the Inspiring Communities program, including selling vacant HRA-owned single-family lots and identifying sites appropriate for new ownership housing.
- Policy H-42. Pursue public and private funding sources, including local sources, for affordable housing preservation and production.

- Policy H-43. Encourage and support state and federal legislation that preserves existing programs and provides new funding, including a dedicated funding source, for affordable ownership and rental housing.
- Policy H-44. Make achieving the Metropolitan Council’s affordable housing goals a top priority both in planning and legislative efforts.
- Policy H-46. Support the development of new housing, [...] to meet market demand for living in walkable, transit-accessible, urban neighborhoods.
- Policy H-47. Encourage high-quality urban design for residential development that is sensitive to context, but also allows for innovation and consideration of market needs.

Statement of Chair (for Public Hearing)

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 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 Pioneer Press on Saturday, June 13. 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:

Property Address	Developer	Sale Price
1087 Ross Avenue	M&M Real Estate Development LLC	\$45,000

Recommendation:

The Executive Director recommends approval of the sale, entrance into a development agreement, and the associated expenditure authorization in accordance with the attached resolution.

Sponsored by: Commissioner Yang

Staff: Claire Pettry 651-266-6608

Attachments

- **Map**
- **Public Purpose**
- **D4 Neighborhood Profile**