

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

REPORT TO THE COMMISSIONERS

DATE: AUGUST 8, 2018

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF PROPERTY 47 DOUGLAS STREET, AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT, DISTRICT 9, WARD 2.**

## **Requested Board Action:**

- Approval of the sale and conveyance of 47 Douglas Street owned by the Housing and Redevelopment Authority of the City of Saint Paul (the “HRA”).
- Authorization to enter into a development agreement with Kyle Hunter for the property redevelopment.
- Authorization of expenditures as identified in this report for said property.

## **Background**

HRA took title to 47 Douglas in 2010. The property was donated to HRA by Wells Fargo Bank, N.A. The bank had previously acquired the property through a foreclosure process. In 2013, HRA Staff discussed inclusion of 47 Douglas in a multi-property redevelopment deal with the West Seventh/Fort Road Federation, but the Federation determined that the size of this property did not fit with their larger strategy. 47 Douglas was subsequently included in the Inspiring Communities Program, as approved by the HRA through Resolution 13-1097 on July 24, 2013 and Resolution 13-1592 on October 9, 2013. Per the Inspiring Communities program design, 47 Douglas was offered through Inspiring Communities Requests For Proposals (“RFP”) in 2014 and 2015. The 2014 RFP resulted in no developer interest. An interested developer was identified through the 2015 RFP; HRA approved terms of an agreement and the sale of the property, and a development agreement was executed. Unfortunately, the developer was unable to carry out the project and the agreement was cancelled.

In the summer of 2016, 47 Douglas was broken into and vandalized. HRA Staff began discussions about demolition of the property. Neighbors expressed concern about the possibility

of demolition and took the initiative to help HRA Staff identify an interested developer. In the Fall of 2017, through a connection with neighbors, Kyle Hunter expressed interest and worked with an architect and general contractor to develop plans. In 2018, Mr. Hunter presented a proposal to purchase and rehabilitate the property for himself as an owner-occupant. His plan has been analyzed by HRA Staff and deemed feasible and reasonable. Mr. Hunter proposes to purchase the property for \$1, and has requested \$40,000 in development gap financing.

Because this was an unsolicited proposal that did not come to HRA through a RFP process, the HRA's Disposition Policy required public notification and solicitation of competing proposals. Per the Disposition Policy, a notice was published through the City's Early Notification System. For a period of 45 days, HRA staff received no additional interest in the property.

### **Budget Action**

No budget action is required. The project will be funded via the Inspiring Communities Disposition Work Plan and Budget (the "DWPB"). This project will be funded with Community Development Block Grant ("CDBG") funds that were allocated to the Inspiring Communities program.

### **Future Action**

No future action will be required. Once the HRA takes action approving the sale of the property, staff will proceed to execute the development agreement and convey the property.

### **Financing Structure**

Financing will be as indicated in the Inspiring Communities Ownership Program Manual. Development gap assistance will be structured as a deferred loan, secured with a note and mortgage at 0% interest. Upon completion of the rehabilitation and occupancy, the loan will be forgiven.

### **PED Credit Committee Review**

The Credit Committee reviewed the Inspiring Communities Homeownership Program Manual on September 23, 2013. The terms and conditions contained therein were recommended for approval by the Credit Committee at that time.

## **Compliance**

Development will comply with all applicable requirements, which may include the following:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Inspiring Communities Affordability Covenants
6. Fair Housing Opportunities
7. Two Bid Policy
8. Saint Paul Sustainable Development Policy

## **Green/Sustainable Development**

The project will follow the Inspiring Communities program criteria, and will meet the Home Performance for ENERGY STAR standards.

## **Environmental Impact Disclosure**

Per HUD funding requirements, a Categorical Exclusion statutory checklist was completed. The project was determined to be exempt, because it does not require any mitigation compliance with any listed statutes or authorities.

## **Historic Preservation**

The site is not within a locally or federally designated historic district. The State Historic Preservation Office has concluded that the project will not negatively impact any potential or existing historic resources.

## **Public Purpose/Comprehensive Plan Conformance**

Please see the attached **Public Purpose** Form. The attached **Comprehensive Plan** includes a list of Comprehensive and Neighborhood Plan documents that the proposed actions fulfill.

## **Statement of 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 a certain Parcel of land located in the West Seventh Planning District 9, 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, July 28, 2018. 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 Seventh District 9:

**Property Description**

47 Douglas Street

**Purchaser/Developer**

Kyle Hunter

**Purchase Price**

\$1.00

“The above property will be conveyed for the purpose of redevelopment of affordable ownership 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 the sale, entrance into development agreement and the authorization of expenditures in accordance with the attached resolution.

**Sponsored by:** Commissioner Noecker

**Staff:** Joe Musolf (651-266-6594)

**Attachments:**

- **Comprehensive Plan Conformance**

- **Public Purpose**
- **District 9 Profile**
- **Map**