

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

REPORT TO THE COMMISSIONERS

DATE: February 27, 2013

REGARDING: **AUTHORIZING EXECUTION OF A TENTATIVE DEVELOPER STATUS AGREEMENT FOR NEIGHBORHOOD DEVELOPMENT ALLIANCE, INC FOR PROPERTY AT 72 CESAR CHAVEZ STREET IN DISTRICT 3**

Requested Board Action

To request the Housing and Redevelopment Authority Board of Commissioners to consider approving Neighborhood Development Alliance as Tentative Developer for a three-year period to finalize a proposal for the purchase and construction of a mixed-use, mixed-income development on the HRA-owned parcel 72 Cesar Chavez Street with certain conditions detailed in this report.

Background

The Riverview Economic Development Association (REDA), in partnership with Wellington Management, received \$300,000 in gap financing for the redevelopment of the then-REDA-owned Commercial Club site, located at 72 Cesar Chavez Street. REDA's \$3.4M project razed the existing Commercial Club structure, which had stood vacant for over two decades, acquired two adjacent sites owned by Wilder and Allina, and planned to build a 10,000 sq. ft. one story commercial building to be used as a grocery and deli by Holy Land. The Holy Land project fell through in 2010 and the site has remained vacant since then. Also at that time, the HRA bought out REDA's existing mortgage from US Bank. REDA has since merged with Neighborhood Development Alliance (NeDA) and, per previous board action, the mortgage between the HRA and REDA was written off.

On March 30, 2012, the HRA received a request from Neighborhood Development Alliance (NeDA) to develop 72 Cesar Chavez Street. NeDA is seeking to introduce mixed-income rental and first-floor commercial space at 72 Cesar Chavez (the "Project").

Financing Structure

The estimated overall development cost for 72 Cesar Chavez Street is estimated between \$4.4M and \$8.5M as outlined in **Attachment C** – Project Summary Form and **Attachment D** – Sources and Uses Summary Funds Form.

During the tentative developer period, the Developer will need to meet the following conditions:

1. Within 365 days, complete a formal scope of work with architectural/engineering plans and specifications, including a site plan, elevations, exterior treatments/materials, and interior schematics for review by HRA and suitable for submission to the Department of Safety and Inspections to obtain the proper building permits. These plans must incorporate PED/HRA Green/Sustainable Development guidelines. A final, HRA- approved scope of work must be completed within the three-year tentative developer period.
2. Within 365 days, submit evidence of availability of construction financing for review by HRA staff for acceptability.
3. Finalize a detailed development budget and business plan for approval by the HRA staff.
4. Within three years, obtain all approvals for zoning, licensing and any other required City or State approvals.
5. Negotiate final terms and conditions of a development agreement.

Disposition Policy

Upon receiving the Developer's proposal, staff, according to the City/HRA Disposition Policy, entered this request on the City web page for public notification, requesting additional proposals for this property. The request for additional proposals was on the City's web page from April 20, 2012 to June 26, 2012. No other proposals were submitted for this property during that time.

Budget Action

No Budget Action is necessary at this time.

PED Credit Committee Review

Credit Committee has reviewed the request and recommended approval for tentative developer status for NeDA.

Compliance

The Applicant has signed the 1st compliance letter regarding this project. The project will comply with the following programs and/or requirements: Affirmative Action, Vendor Outreach Program, Federal Labor Standards, Section 3, Limited English Proficiency and Two Bid Policy. Based on preliminary information, it appears that this project will be exempt from the following: Business Subsidy based on the small business exemption; Project Labor Agreement based on the amount of assistance.

Green/Sustainable Development

The project will comply with the Saint Paul/HRA Sustainability Initiative

Environmental Impact Disclosure

N/A

Historic Preservation

The project does not require HPC/106 review.

Public Purpose

The following public purpose will be met:

- It will bring new businesses to Saint Paul, providing needed goods and services.
- It will bring a mix of housing for the neighborhood.
- It will provide badly needed impetus for continued revitalization of an important node in the District del Sol commercial corridor.

Recommendation:

The Executive Director recommends the HRA Board consider the attached resolution which approves the following actions: approval of Neighborhood Development Alliance as Tentative Developer 72 Cesar Chavez Street for a period of 365 days, and authorization to finalize the conditions of the Development Agreement.

Sponsored by: Commission Chair Thune

Staff: Report prepared by: Kate Reilly (266-6618)

Attachments

- **Attachment A** -- Resolution
- **Attachment B** -- Map, Picture and Address of Project
- **Attachment C** -- Census Facts