

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

**REPORT TO THE COMMISSIONERS**

**DATE: APRIL 11, 2012**

**REGARDING: AUTHORIZATION TO APPROVE THE SALE AND CONVEYANCE OF  
PARCEL 2112 IVY STREET UNDER THE ISP PROGRAM, GREATER  
EAST SIDEWEST SIDE DISTRICT 2.**

**Requested Board Action**

Authorization for the sale and conveyance of Parcel 2112 Ivy Street to Patricia Stewart.

**Background**

The property located at 2112 Ivy Street was redeemed by the HRA on September 27, 2008. HRA had provided a loan on the property in August, 1998. The property is located in the Greater East Side Invest Saint Paul (ISP) Initiative area approved by the HRA on August 8, 2007 by Resolution 07-08/08-3. HRA had approved numerous actions under ISP including the strategic acquisition and rehabilitation of single family homes in order to address the program's holistic approach to neighborhood revitalization. The community requested that this house be addressed in an otherwise stable block. It is a one story, 1,108 sq/ft home with 3 BD/1 BA; it was built in 1954. The Sheriff's sale was held on March 14, 2008 and HRA filed a Notice of Intention to Redeem on August 27, 2008. The six month redemption period expired on September 14, 2008 and HRA received title to 2112 Ivy Street. The house had been vacant prior to the foreclosure service being made in March, 2008. The HRA purchased the property for the \$60,000.00 first mortgage amount plus costs.

The cost of rehabilitation was estimated at \$120,000.00 including construction of a new garage. The estimated resale value was placed at \$155,000 based on market conditions at the time of acquisition, and prior sales, with an estimated subsidy of \$40,000 which considered all rehab requirements, energy efficiency, marketability, curb appeal, and holding costs. See Financing Structure below for breakdown on gap/subsidy assistance and program income.

The sale of this and other ISP homes will generate program income that will be recycled and used to fund additional rehabilitation of houses that have been acquired under ISP-related activities.

See **Attachment B – Marketing Process and Procedures/Homebuyer Incentive Program** for more information on fair marketing efforts. ISP homes are being marketed in the same manner and according to the same fair marketing regulations as NSP homes.

### **Budget Action**

No budget action is being requested. City Council took necessary ISP budget actions on August 8, 2007 (Resolution 07-726); HRA took necessary actions on August 8, 2007 (Resolution 07-08/08-3). All actions identified the eligible funding activities approved under the Invest Saint Paul Initiative and Work Plan.

### **Future Action**

No future action will be required. Once the HRA takes action approving the sale of the property, staff will proceed to schedule a closing and convey the property.

### **Financing Structure**

The property is being sold based on the after-rehab appraisal, consideration of ISP costs and estimated resale value based on market conditions for \$152,000. A deed conveying the property includes a restriction requiring owner-occupancy. The first mortgage will be with Edina Realty Mortgage and held by Wells Fargo. In addition, the purchaser will be using down payment and closing cost assistance provided by the ISP/NSP Homebuyer Assistance Program. HRA received a grant from Wells Fargo to provide down payment assistance funds to purchaser buying previously foreclosed/vacant building and are under 80% of median income. The purchaser qualifies for use of these funds.

(The ISP/NSP Homebuyer Assistance Program is both an incentive and a tool to assist in keeping mortgage payments affordable long term. The assistance provides \$14,500 to any home buyer purchasing an ISP/NSP house assisted by HRA. The funds can be used for down payment, closing costs, interest write-down or affordability.)

### Subsidy Analysis:

	Estimated Cost	Actual Cost
Acquisition Purchase Price	\$ 60,000.00	\$ 60,000.00
Rehab	\$ 120,000.00	\$109,555.00
Soft Costs	\$ 20,000.00	\$ 18,638.32
Total Development Cost	\$ 200,000.00	\$ 188,193.32
Sale Price	\$ 155,000.00	\$ 152,000.00
Gap Assistance/Subsidy ISP Sales Closed Out	\$ 45,000.00	\$ 36,193.32
Sales Price		\$ 152,000.00
Realtor, Closing Costs		- 10,512.00
Program Income (back into ISP Rehab)		\$ 141,488.00 subject to final closing costs
Homebuyer Assistance (from Wells Fargo Grant)		\$ 14,500.00

Note: Soft costs include: marketing, insurance, holding costs, construction management, etc.

### PED Credit Committee Review

Credit Committee review is not a requirement of the sale of property.

### Compliance

This development complied with all the following requirements:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Fair Housing Opportunities
6. Two Bid Policy

### Green/Sustainable Development

The project complies with the Saint Paul/HRA Sustainability Initiative. The project also meets the following ISP/NSP requirements:

1. HUD Healthy Home Requirements

2. State requirements for asbestos removal where applicable.
3. All local and State building codes together with the HRA's NSP guiding principles adopted February 24, 2009: "provide healthy, affordable and quality housing, improving the housing stock above minimum standards by addressing lead, mold, radon, energy efficiency and curb appeal elements."
4. All items related to energy efficiency as addressed in the Neighborhood Energy Connection (NEC) audit.
5. Lead removal or abatement.

### **Environmental Impact Disclosure**

The Tier 1 environmental review determined that all activities were either exempt or categorically excluded.

### **Historic Preservation**

This property was found to be in compliance with all applicable regulations.

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

This action supports all three strategies of the Housing Chapter of the City's Comprehensive Plan: 1) build on Saint Paul's strengths in the evolving metropolitan housing market; 2) preserve and promote established neighborhoods; and 3) ensure the availability of quality and affordable housing across the City.

This purchase, rehab and sale of this property supports the goal of the ISP/NSP Program/Plan to strategically channel resources into neighborhoods being challenged by recent economic and social downturns and persistent disinvestment including: 1) creating working partnerships among private developers, CDCs, District Councils and neighborhood residents; 2) bringing together resources, time, talent and funding in neighborhoods poised to prosper after a period of disinvestment; 3) reducing the number of vacant houses; 4) rehabilitating or addressing housing units to strengthen the housing stock; 5) improving stability and quality of life in neighborhoods; and 6) building on strengths in Saint Paul's neighborhoods.

**Statement of Chairman**

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 Greater East Side 2 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, March 31, 2012. 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 Side District 3:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
2112 Ivy Street	Patricia Stewart	\$152,000

The above property was purchased and rehabilitated by the HRA and is being sold at a fair market value for the purpose of homeownership.

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 and staff recommend approval of sale in accordance with the attached resolution.

**Sponsored by:** Commissioner Bostrom

**Staff:** Sarah Zorn (651-266-6570)  
Sheri Pemberton-Hoiby (651-266-6615)

**Attachments:**

- **Attachment A -- Resolution**
- **Attachment B – Marketing Process and Procedures**

- **Attachment C-- Map/Address of Project and Photos**
- **Attachment D -- Public Purpose Form**
- **Attachment E -- Census Facts**