

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 25, 2012

REGARDING: AUTHORIZING EXECUTION OF A TENTATIVE DEVELOPER STATUS FOR WINTER SONG, LLC FOR THE 656 WELLS AVENUE AND 660 WELLS AVENUE PROJECT, DISTRICT 5

Requested Board Action

To request the Housing and Redevelopment Authority Board of Commissioners to consider approving Winter Song LLC (the “Developer”) as Tentative Developer for a 180 day period to finalize a proposal for the purchase and construction of a parking lot on the HRA-owned parcel located at 656 Wells Avenue and 660 Wells Avenue with certain conditions detailed in this report.

Background

Property

The HRA acquired the vacant parcel located at 656 Wells Avenue using HRA General Funds (Fund 145) on March 11, 2011. The property was acquired for \$2,387 from Ramsey County through the tax forfeiture process. The site measures approximately 25 feet by 152 feet, for a total area of 3,800 square feet. The parcel is zoned RT-2 (Townhouse District). Staff is not aware of any pollution on the site. The property will be sold as is.

The HRA acquired a vacant single family home located at 660 Wells Avenue using Community Development Block Grant (CDBG) Funds (Fund 100) on March 21, 2006. The property was acquired for \$95,000 from Richard and Jeanne Kedrowski. The demolition of the house took place on July 18, 2007 for a cost of \$10,600. The site measures approximately 25 feet by 152 feet, for a total area of 3,800 square feet. The parcel is zoned RT-2 (Townhouse District). Staff is not aware of any pollution on the site. The property will be sold as is.

Proposal

On September 6, 2011, the HRA received a request from Winter Song LLC (whose sole member is Eric Foster) to purchase 656 & 660 Wells Avenue. Mr. Foster plans to construct 12 parking spaces on the site for the business located at 858 Payne Avenue. The property must be rezoned

from RT-1 (Townhouse District) to VP (Vehicular Parking District) for the proposed development to occur.

Financing Structure

The purchase offer is in the amount of \$30,000. The Developer has requested that the HRA loan the acquisition amount to the Developer to purchase the property (the “Land Loan”). A note (the “Land Note”) in the amount of \$30,000 would be provided to the HRA. The Land Note will be in a first position mortgage. The details of the Land Loan term and conditions will be a part of their formal proposal.

The estimated overall development cost for the purchase and rehabilitation of 656 and 660 Wells Avenue is estimated at \$150,000 and 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 complete the following conditions:

1. Within 90 days, for the Project, complete a formal scope of work with architectural/engineering plans and specifications to include a site plan, elevations, incorporate Green/Sustainable Development guidelines, 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.
2. Within 90 days, for the Project, submit evidence of availability of construction financing for review by HRA staff for acceptability.
3. Finalize a detailed development budget and businesses plan for approval by the HRA staff.
4. A final and HRA approved scope of work must be completed within the 120 day tentative developer period.

5. Submit an application for a rezoning to allow for the construction of an off-street parking lot.
6. Within 180 days receive all approvals for zoning, licenses and any other required City or State approvals required for the Project.
7. Negotiate final terms and conditions of a development agreement which will include review of all compliance requirements, details of the bidding process and sworn construction cost statement from their selected contractor for the Project.

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 and to request further proposals for this property. The request for additional proposals was on the City's web page from December 20, 2011 to January 20, 2012. On September 16, 2011, staff entered this request on the early notification system for public notification. No other request was submitted for this property during that time.

Budget Action

No Budget Action is necessary at this time.

Future Action

Public hearing and sale of 656 and 660 Wells Avenue, approval of a Development Agreement and approval of an HRA Land Loan in the amount of \$30,000 will be required from the HRA Board.

PED Credit Committee Review

PED Credit Committee will review the Developer's request for full Developer Status for the property located at 656 and 660 Wells Avenue project prior to the HRA action to sell the property to the Developer.

Compliance

The Applicant has signed the 1st compliance letter regarding this project. The project will comply with the following programs and/or requirements: Vendor Outreach Program, Federal Labor Standards, Section 3, Limited English Proficiency and Two Bid Policy. This project is exempt from the following: Business Subsidy based on the small business exemption; Living Wage based on the number of employees; Affirmative Action based on the amount of the assistance; 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 need to be reviewed by either HPC PED staff or the HPC Commission. No 106 review is required.

Public Purpose

The following public purpose will be met:

1. Construction of an off-street parking lot to assist a business on Payne Avenue.
2. This project will create local businesses, generate private investment and support commercial activities.
3. East Consolidated Small Area Plan adopted 1993; Policy #20 requires, in part, parking at the rear or side of commercial buildings with landscaping to buffer the sidewalk and adjacent residential uses.

4. Comprehensive Plan adopted 2010, Policy #1.50 of the Land Use Chapter encourages the City's effort to facilitate existing buildings that are no longer considered functional to accommodate viable retail and businesses.

Recommendation:

The Executive Director recommends the HRA Board consider the attached resolution which approves the following actions:

1. Approval of Winter Song, LLC as Tentative Developer for 656 and 660 Wells Avenue for a period of 180 days.
2. Authorizes the Executive Director to finalize the conditions of the Development Agreement.

Sponsored by: Commissioner Bostrom

Staff: Report prepared by: Daniel K. Bayers, (266-6685)

Attachments

- **Attachment A** -- Resolution
- **Attachment B** -- Map, Picture and Address of Project
- **Attachment C** -- Project Summary Form
- **Attachment D** -- Sources and Uses Summary Form
- **Attachment E** -- Public Purpose Form