

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

REPORT TO THE COMMISSIONERS

DATE: MARCH 9, 2011

**REGARDING: AUTHORIZATION TO APPROVE THE SALE AND CONVEYANCE OF
PARCEL 41 MARYLAND AVENUE UNDER THE ISP/NSP PROGRAM,
NORTH END DISTRICT 6**

Requested Board Action

The specific action being requested of the HRA Board is authorization to approve the sale and conveyance of Parcel 41 Maryland Avenue to Maria A. Villeda.

Background

Parcel 41 West Maryland was purchased November 11, 2009 under the Neighborhood Stabilization Program (NSP) and Rebuilding Plan 2009-2013 approved by HRA by Resolution 09-02/25-6. The Sheriff's sale was held on February 19, 2009 and the house had been vacant prior to January 9, 2009. An as-is appraisal completed on 10/15/2009 determined the value to be \$127,000. The HRA purchased the property for \$105,428 representing a discount of 16.9%. The house was built in 2003, had been vacant for over a year and the community wanted to ensure it remained owner-occupied. The cost of rehabilitation was estimated at \$30,000. The estimated resale value was placed at \$145,000 based on market conditions and prior sales.

Ramsey County recently received funding for widening Maryland at Rice to build a left hand turn-lane. City Real Estate assists the County in acquiring property for the public improvements; acquisition for this widening will result in the displacement of long term home-owner Maria Villeda from her home at 116 West Maryland. Since HUD allows for priority status to be given to purchaser who is displaced as a result of government funded activities, City Real Estate and Ramsey County staff approached PED about available NSP houses as possible options for Ms. Villeda. Maria Villeda has entered into a purchase agreement for 41 West Maryland for the appraised after-rehab value of \$148,000.

Budget Action

No budget action is being request. City Council took necessary NSP budget actions on November 19, 2008, Resolution 08-1270, January 28, 2009, Resolution 09-103 and HRA on February 25, 2009, Resolution 09-02/25-6. All actions identified the eligible funding activities approved in the Neighborhood Stabilization Program.

Future Action

No future action will be required. Once the HRA takes action allowing 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 appraised value of \$148,000. A deed conveying the property includes a restriction requiring single family occupancy for home ownership. The first mortgage will be \$96,500 at 4.5% interest rate for 30 years and is due and payable upon sale of the property. The purchaser will be using her relocation benefits of \$21,000 and other down payment assistance provided by Wells Fargo and the NSP Homebuyer Assistance Program. The NSP Homebuyer Assistance Program is being used both as an incentive in the sale of HRA NSP homes and a tool to assist in keeping mortgage payments affordable long term. The assistance provides \$14,500.00 to any home buyer purchasing an NSP house assisted by HRA. The funds can be used for down-payment, closing costs, interest write-down or affordability. NSP assistance requires restrictions and covenants be placed on the property to keep the property affordable at 120% of area median income.

PED Credit Committee Review

Credit Committee Review is not a requirement on 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. NSP Affordability Covenants
6. Fair Housing Opportunities
7. Two Bid Policy

Green/Sustainable Development

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

1. HUD Healthy Home Requirements (no lead paint) house built after 1978
2. State requirement for asbestos removal where applicable. None found in the house.
3. All local and State building codes together with 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".

Environmental Impact Disclosure

For the existing NSP program, the Tier 1 environmental review determined that all activities were either exempt or categorically excluded.

Historic Preservation

Each individual project, identified by the address of the property that was acquired, was subject to a Tier 2 environmental review, which includes consultation with the State Historic Preservation Office if the property is 50 years or older. Not applicable in this case.

Public Purpose

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 project and subsequent sale supports the goal of the ISP/NSP Program/Plan to strategically channel resources into neighborhood 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; 6) building on strengths in St. Paul's neighborhoods.

Statement of Chairman (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 a certain Parcel of land located in North End District 6 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, February 26, 2011. 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 the North End District 6 area:

<u>Property Description</u>	<u>Purchaser</u>	<u>Purchase Price</u>
41 West Maryland Avenue	Maria A. Villeda	\$148,000.00

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 Helgen

Staff: Sheri Pemberton-Hoiby (651-266-6615)

Attachments

- **Attachment A -- Resolution**
- **Attachment B – Project Map and Pictures**
- **Attachment C – *Project Summary Form***
- **Attachment D – *Sources and Uses Summary Form***
- **Attachment E -- *Public Purpose Form***
- **Attachment F -- Census Facts**