

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

REPORT TO THE COMMISSIONERS

DATE: AUGUST 9, 2017

REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF 971 JENKS AVENUE UNDER THE INSPIRING COMMUNITIES PROGRAM; AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT. DISTRICT 5, WARD 6

Requested Board Action

The actions being requested of the HRA Board are as follows:

- Approval of the sale and conveyance of 971 Jenks Avenue owned by the Housing and Redevelopment Authority of the City of Saint Paul (HRA).
- Authorization to enter into development agreement with Twin Cities Habitat for Humanity (“TCHFH”) for the redevelopment, and authorization of expenditures.

Background

In the spring of 2013, staff analyzed all property in the HRA inventory in an effort to make informed recommendations regarding the retention and disposition of properties, and create a disposition strategy and budget to advance redevelopment plans for the sites analyzed. The resulting strategy was designed to address parcels in the HRA inventory by grouping them into four different categories: Parcels with Obligations, Cluster Area Parcels, Splinter Parcels, and Buildable Lots for Sale. The Inspiring Communities Disposition Work Plan and Budget (“DWPB”) was approved by the HRA Board of Commissioners on July 24, 2013 by Resolution 13-1097. As a component of the Resolution, the Neighborhood Stabilization Program and Invest Saint Paul were rebranded as the Inspiring Communities program, which prioritizes subsidy to address two categories of the DWPB: Cluster Area Parcels and Parcels with Obligations. Goals of the Inspiring Communities program include:

- Use HRA property as a catalyst for neighborhood transformation;
- Construct on or rehabilitate lots and buildings to create a variety of housing opportunities in focused cluster areas;

- Create job opportunities for local residents, Section 3 certified businesses, minority and women-owned businesses, or small businesses; and
- Inspire innovative, sustainable design and construction methods.

Program manuals for both homeownership and rental opportunities were developed in an effort to standardize processes and requirements, and create a predictable and transparent program from the development community perspective.

In the 2016 Inspiring Communities RFP, TCHFH submitted a proposal to rehabilitate the vacant house at 971 Jenks Avenue. HRA Staff reviewed proposals in a manner proscribed by the Inspiring Communities program design. HRA Staff determined that TCHFH's proposal scored higher than any competing proposal.

The total development cost for this project is \$309,732.15. TCHFH has requested a gross subsidy of \$124,732.15, which includes a \$45,000 land cost. The net cash subsidy for the project is then \$79,732.15. TCHFH will sell the rehabilitated house for owner-occupied homeownership.

Budget Action

No budget action is required. HRA budget actions pertaining to the DWPB have authorized an overall program spending plan with each project within the plan to be specifically approved.

Future Action

NA

Financing Structure

Value gap assistance provided to TCHFH will be secured with a note and mortgage at 0% interest. At the time the property is sold to a homeowner, the value gap assistance loan will be forgiven. At the time the property is sold to a homeowner all expenditures will be reconciled and the value gap amount will be modified based on the final purchase price and actual costs incurred.

Homebuyers purchasing a home in the Inspiring Communities program are eligible for up to \$5,000 in assistance to decrease the amount of the first mortgage or to augment a down payment. The assistance is structured as a loan and is forgiven over a five-year period.

PED Credit Committee Review

The Credit Committee reviewed the Homeownership and Rental Program Manuals on September 23, 2013 and September 30, 2013 respectively. The terms and conditions contained therein were recommended for approval by the Credit Committee at that time.

Compliance

Development under the Inspiring Communities program 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

All Inspiring Communities projects will be in compliance with the approved program development criteria, and will meet the Home Performance for ENERGY STAR or ENERGY STAR for New Homes standards, and be certified by Enterprise Green Communities.

Environmental Impact Disclosure

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

Historic Preservation

This project is not located in a Historic Preservation District.

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 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 the Payne-Phalen Citizen Participation District 5 by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

“Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, July 29, 2017. 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 Payne-Phalen Citizen Participation District 5:

Property Description

971 Jenks Avenue

Purchaser/Developer

Twin Cities Habitat for Humanity

Purchase Price

\$45,000

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

Sponsored by: Commissioner Bostrom

Staff: Joe Musolf (651-266-6594)

Attachments:

- **Comprehensive Plan Conformance**
- **Project Summary**
- **Map**
- **Sources and Uses**
- **Public Purpose**
- **District 5 Profile**