

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

REPORT TO THE COMMISSIONERS

DATE: AUGUST 8, 2018

REGARDING: AUTHORIZATION TO EXECUTE A TENTATIVE DEVELOPER STATUS FOR NEIGHBORHOOD COMMERCIAL SPACES, LLC FOR THE PROPERTY AT 621 UNIVERSITY AVENUE, DISTRICT 7, WARD 1

Requested Board Action

Approval of Neighborhood Commercial Spaces, LLC (the “Developer”) as Tentative Developer until December 31, 2019, to finalize a proposal for the purchase and construction of a parking lot on the HRA-owned parcel located at 621 University Avenue, with certain conditions detailed in this report.

Background

Property

The HRA acquired the parcel located at 621 University Avenue using the HRA Development Funds (Fund 138) on August 10, 1989. The parcel was acquired for \$300,000 from Ferris J. and Dolores A. Alexander. The site measures approximately 40 feet by 122 feet, for a total area of 4,880 square feet. The parcel is zoned T-3 (Transitional Neighborhood). Staff is not aware of any pollution on the site, which will be sold “as is”.

Proposal

On December 31, 2017, the HRA received a request from Neighborhood Commercial Spaces, LLC (Neighborhood Development Center) to purchase 621 University Avenue (also known as 489 North Dale Street). Along with other adjacent properties, Neighborhood Commercial Spaces, LLC plans to construct a five-story mixed-use building at an estimated construction cost of \$21.9 million. Along with commercial space, the building will have 42 units of affordable senior housing.

Financing Structure

The purchase offer is in the amount of \$1.00. The estimated overall development cost for the purchase and construction of the proposed project is estimated at \$21,869,377, as outlined in in the attached Project Summary and Sources and Uses Summary.

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

1. Within 180 days, complete a formal scope of work with plans and specifications. These plans and specifications shall include a site plan, shall demonstrate consistency with Green/Sustainable Development guidelines, and shall include intended exterior treatments/materials for review by HRA and suitable for submission to the Department of Safety and Inspections to obtain the proper building permits.
2. Within 180 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 240 days, a HRA-approved scope of work must be completed.
5. Within 240 days, receive all approvals for zoning, licenses and any other required City or State approvals required for the Project.
6. 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, published this request on the City web page for purposes of public notification and solicitation of further proposals for this property. The request for additional proposals was on the City's web page from December 31, 2017 to February 12, 2018. On December 31, 2017, staff also published this request through the City's Early Notification System, for additional public notification. No other proposals were submitted for this property.

Budget Action

No Budget Action is necessary at this time.

Future Action

Public hearing and sale of 621 University Avenue, approval of full Development Status, approval of a Development Agreement, and any future financing request will be sought 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 621 University 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 following programs and/or requirements may be applicable: Affirmative Action, Project Labor Agreement, Vendor Outreach Program, Federal Labor Standards, Section 3, Limited English Proficiency, Business Subsidy and Two Bid Policy.

Green/Sustainable Development

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

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose

The proposed development is located at the intersection of University Avenue and Dale Street. There are three applicable plans that guide development at the subject location: the Comprehensive Plan; the District 7 Neighborhood Plan; and the Dale Street Station Area Plan. The Comprehensive Plan Land Use Chapter defines the intersection of Dale and University as a mixed-use corridor and neighborhood center. The proposed density, scale, and the mix of uses within the project are consistent with the mixed-use corridor and neighborhood center land use

designations. The proposed project is also consistent with the District 7 Neighborhood Plan, specifically policy L5 which calls for intensifying development on major transportation corridors in order to bring more jobs and housing units. The architectural expression and proposed public realm design are consistent with the Dale Street Station Area Plan. Overall the project is generally consistent with all applicable plans.

Recommendation:

The Executive Director recommends approval of the attached resolution which approves the following actions:

1. Approval of Neighborhood Commercial Spaces, LLC as Tentative Developer for 621 University Avenue until December 31, 2019.
2. Authorizes the Executive Director to finalize the conditions of the Tentative Development Agreement.

Sponsored by: Commissioner Thao

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

Attachments

- Project Summary
- Map
- Sources and Uses
- Public Purpose
- District 7 Profile