

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

**REPORT TO THE COMMISSIONERS**

**DATE: APRIL 8, 2020**

**REGARDING: AUTHORIZATION TO EXECUTE DEVELOPMENT AGREEMENTS AND  
EXPEND FUNDS FROM THE 2019 COMMUNITY LAND TRUST  
BUDGET WITHIN THE HRA DEVELOPMENT CAPITAL PROJECTS 2019  
HOUSING TRUST FUND BUDGET**

## **Requested Board Action**

Approval to enter into funding agreements with developers and to create at least eleven (11) community land trust units.

## **Background**

In spring 2019, staff from the City of Saint Paul's Planning and Economic Development ("PED") developed guidelines for Housing Trust Fund Allocations Supporting Community Land Trusts (the "Guidelines"). The Guidelines outline protocol for creating dedicated, affordable community land trust homeownership units citywide. On May 22, 2019, the HRA Board, by Resolution 19-1858, approved the Guidelines and allocated \$1 million from the Housing Trust Fund for related activities.

In July 2019, PED staff released a Request for Proposals ("RFP") from community land trusts and other real estate developers to provide new opportunities for homeownership for low- and moderate-income households in accordance with the Guidelines. Three developers responded to the RFP. Two of the developers, Twin Cities Habitat for Humanity a ("TC Habitat") and The Rondo Community Land Trust ("Rondo CLT") proposed to steward the properties they developed through their own land trusts. The third developer, Greater Frogtown CDC ("GFCDC"), submitted its proposal in partnership with the Rondo CLT and proposed to convey the land and stewardship responsibilities to Rondo CLT.

PED staff recommends that all three proposals be approved. The total amount awarded would be \$715,290, as shown in the attached chart titled “2019 Housing Trust Fund Community Land Trust RFP Funding Recommendations.”

### **Budget Action**

No budget action is required. The HRA established a 2019 Community Land Trust Budget with its HRA Development Capital Projects 2019 Housing Trust Fund Budget. The 2019 Community Land Trust Budget will fund all three proposals.

### **Future Action**

No future action is required. Once the Resolution is passed, PED staff will execute Development Agreements with the developers.

### **Financing Structure**

Both GFCDC and TC Habitat will receive a development subsidy loan that will be secured with a note and mortgage at 0% interest. At the time the property is sold to a homeowner, the development subsidy loan will be forgiven. Development subsidy will be disbursed on a reimbursement-only basis and may be partially disbursed during construction and prior to sale to an owner-occupant. Final disbursement will be at the time the property is sold, when all expenditures can be reconciled. The subsidy may be modified based on the final purchase price and actual costs incurred.

Long-Term Affordability Gap subsidy and Closing Cost Assistance will be provided in the form of a grant to the community land trust, subject to a grant agreement and deed restriction. Disbursement will be made at time of sale to the end buyer once the eligible and necessary amount is confirmed.

The development subsidy for the Rondo CLT will be in the form of a grant, on a reimbursement basis, provided only after the home is sold to an owner-occupant.

## **PED Credit Committee Review**

On March 3, 2020, PED's Credit Committee recommended approval of the proposals.

## **Compliance**

Development will comply with all applicable compliance requirements, which may include the following:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach Program
3. Section 3
4. Limited English Proficiency
5. Two-bid Policy
6. Living Wage

## **Green/Sustainable Development**

Projects will comply with the Saint Paul/HRA Sustainability Initiative.

## **Environmental Impact Disclosure**

Not applicable.

## **Historic Preservation**

All projects will comply with the appropriate historic district guidelines and regulations.

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

The projects contemplated in this Resolution meet objectives of the Housing Plan, adopted as part of the City's Comprehensive Plan, Section 6.0, Strategy 2: Preserve and Promote Established Neighborhoods and Strategy 3: Ensure Availability of Affordable Housing. More specifically, the Housing Plan recommends support for non-traditional ownership models, including land trusts. It further describes the challenges of an aging housing stock and highlights housing rehabilitation – accommodated in the Guidelines and supported in this requested allocation - as a top-three priority. The Housing Plan also notes the need to address economic distress at a household level; community land trusts provide pre-purchase homeownership education, as well as subsidies, to make homeownership more affordable and sustainable. In providing ongoing support to

households, community land trusts are primed to assist and intervene when households experience challenges working with their mortgage servicers or identifying home maintenance needs. Finally, the Housing Plan recommends both encouraging acquisition of privately-owned affordable housing and land for affordable housing by land trusts to protect it from upward pressure on prices and rents and production of new affordable units.

**Recommendation:**

The HRA’s Executive Director recommends approval of the three development proposals and allocation of Housing Trust Funds to support community land trusts as outlined in the proposals.

**Sponsored by:** HRA Chair Tolbert

**Staff:** Nick Boettcher 651-266-6094

**Attachments**

- 2019 Housing Trust Fund Community Land Trust RFP Funding Recommendations