

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 27, 2012

REGARDING: Public Hearing and Resolution Authorizing and Approving: 1) The Sale of HRA Parcels to Winter Song LLC for the Purchase Price of \$30,000; 2) Approval of HRA Land Sale Loan of \$30,000 to Assist in the Purchase of the Property; 3) Approval of a Development Agreement with Winter Song LLC; 4) Authorizing the Executive Director to Finalize the Land Loan and Land Sale Documents for Execution by the Appropriate HRA Officials in Connection with the 656 & 660 Wells Avenue Project, District 5, Ward 6

Requested Board Action

The HRA Board is requested to approve the following:

1. The sale of HRA parcels to Winter Song LLC for the purchase price of \$30,000.
2. Approval of HRA Land Sale Loan of \$30,000 to assist in the purchase of the property.
3. Approval of a Development Agreement with Winter Song LLC.
4. Authorizing the Executive Director to finalize the loan and land sale documents for execution by the appropriate HRA officials.

Background

Property

The HRA acquired the vacant parcel located at 656 Wells Street using HRA General Funds (Fund 145) on March 11, 2011 from Ramsey County via 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 Street 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 to purchase 656 & 660 Wells Street. In conjunction with Roldolph Hernandez (owner of 870 Payne Avenue) who owns the property directly to the west, Winter Song LLC plans to construct 22 parking spaces on the site for the businesses located at 858 Payne Avenue and 870 Payne Avenue (the “Project”).

Developer

Winter Song, LLC’s, (the “Developer”), sole member is Eric Foster. Winter Song LLC is a single entity limited liability company. Winter Song LLC will own the parking lot, building and the restaurant located in 858 Payne Avenue.

Past HRA Board Action

On January 25, 2012, via HRA Resolution #12-158, the HRA Board approved Tentative Developer Status for the Developer.

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.

Wilder Planning District Demographic Profile

The demographic profile for the Payne/Phalen - District 5 is attached as **Attachment G**.

Budget Action

No Budget action required. The acquisition funds were previously approved.

Future Action

No further action will be required from the HRA Board.

Financing Structure

The Developer has submitted a request to purchase the property for \$30,000. The HRA acquired both properties for \$97,238. The cost of demolition of the single family house that was located on 660 Wells Avenue was \$10,600. The total cost of both properties was \$107,987. The Executive Director is recommending that the HRA sell the properties to the Developer for \$30,000. The Executive Director also recommends that the HRA loan to the Developer the \$30,000 to pay for the HRA owned property, and that the loan terms be 15 years, at 0% simple interest with payment and interest deferred for ten years. This loan will be in a first position lien on the property. The estimated total development cost is \$150,000.

Summary of Estimated Sources and Uses for 565 & 660 Wells Avenue project is shown as an **Attachment D.**

The HRA land loan will charge a 1% origination fee (\$300).

PED Credit Committee Review

On June 11, 2012, the PED Credit Committee reviewed the request for funding of the 656 & 660 Wells Avenue project and recommended approval of the terms for the HRA Land Sale Loan financing of the project. The Credit Committee risk rated this project Doubtful.

Compliance

The Applicant has signed the 1st and 2nd compliance letters regarding this project. The project will comply with the following programs and/or requirements: Vendor Outreach Program, City's Labor Standards, Sustainable Green Policy 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. Section 3 and Limited English Proficiency as no federal funds will be provided to this project.

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.

The following details how this project is consistent with the Comprehensive Plan and other plans:

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

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 District 5 (Payne/Phalen) 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 June 16, 2012. 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 District 5 (Payne Phalen):

Property Description	Purchaser/Developer	Purchase Price
656 & 660 Wells Avenue	Winter Song LLC	\$30,000

Legal description

Lots 16 and 17, Chas. Weide's Subdivision of Block 37 of Arlington Hills Addition to St. Paul, Ramsey County, Minnesota.

The property will be conveyed for development of an off-street parking lot. 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 attached resolutions which approve the following actions:

Resolution

1. The sale of HRA parcel to Winter Song, LLC for the purchase price of \$30,000.
2. Approval of HRA Land Sale Loan of \$30,000 to assist in the purchase of the property.
3. Approval of a Development Agreement with Winter Song, LLC.
4. Authorizing the Executive Director to finalize the loan and land sale documents for execution by the appropriate HRA officials.

Sponsored by: Commissioner Bostrom

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

Attachments

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