

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

REPORT TO THE COMMISSIONERS

DATE: March 9, 2016

REGARDING: Public Hearing and Resolution Authorizing and Approving: 1) The Sale of HRA Parcels to Design Lab Properties, LLC for the Purchase Price of \$10,400; 2) Approval of a Development Agreement with Design Lab Properties, LLC; and 3) Authorizing the Executive Director to Finalize the Land Sale Documents for Execution by the Appropriate HRA Officers in Connection with the 1192 East 7th Street Project, District 4, Ward 6

Requested Board Action

The HRA Board is requested to approve the following:

1. The sale of HRA land to Design Lab Properties, LLC
2. Approval of a Development Agreement with Design Lab Properties, LLC.
3. Authorizing the Executive Director to finalize the land sale documents for execution by the appropriate HRA Officers.

Background

The HRA acquired the parcel located at 1192 East 7th Street (the “Property”) using the ISP Parking Program Improvement and Implementation Fund (Fund 118) on July 15, 2008. The Property was acquired for \$45,000 from DLJ Mortgage Capital. The duplex that was on the site at the time of acquisition was demolished in 2011 at a cost of \$11,800. The Property measures approximately 45 feet by 117 feet, for a total area of 5,265 square feet, and is zoned T2 (Traditional Neighborhood District). Staff is not aware of any pollution on the site, which will be sold “as is”.

On January 20, 2015, the HRA received a request from the Design Lab Properties, LLC (Chuck Hanna, Member) to purchase the Property. The Developer currently owns the adjacent property at 1196 East 7th Street, including the business that is located in the building (Outdoor Lab Landscape Design, Inc.). The Developer proposes to combine the two properties and construct a new office building to connect to their existing building which will be converted into an office/workshop.

Upon receiving the Developer's proposal, PED 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 entered on the Early Notification System for public notification on January 21, 2015, and was on the City's web page from January 23, 2015 to March 9, 2015. No other proposals were submitted for this property during that time. On May 13, 2015, via HRA Resolution #15-840, the HRA Board approved Tentative Developer Status to Design Lab Properties, LLC.

See **Attachment F** for a demographic profile of Dayton's Bluff - District 4, the Saint Paul planning district in which the property is located. No existing businesses will be displaced or relocated as a result of this project, and there was no land acquisition that took place as a result of eminent domain.

Budget Action

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

Future Action N/A

Financing Structure

The purchase offer is in the amount of \$10,400. This is the estimated market value based on the Ramsey County tax records. The Developer is indicating that he will pay this sale price at the time of closing. No financing of the acquisition is being requested.

The City Council on July 15, 2015 by Resolution #PH 15-190 approved a STAR loan in the amount of \$100,000 and a STAR grant in the amount \$75,000 to assist in the development of this project.

The overall development cost for the Project is estimated at \$642,000 and outlined in **Attachment B** - Project Summary, and **Attachment D** – Sources and Uses Summary Funds.

PED Credit Committee Review N/A

Compliance

The Applicant has signed the 1st and 2nd compliance letters regarding this project. Based on the STAR funding, the project will comply with the following programs and/or requirements: Affirmative Action, Local Labor Standards, Vendor Outreach Program, 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; and Project Labor Agreement based on the amount of assistance.

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**

1. Re-use of a vacant commercial parcel on East 7th Street.
2. This project will expand a local business, generate private investment and support commercial activities.

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 4 (Dayton’s Bluff) 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 February 27, 2016. 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 4 (Dayton’s Bluff):

| Property Description | Purchaser/Developer | Purchase Price |
|----------------------------------|----------------------------|-----------------------|
| 1192 East 7 th Street | Design Lab Properties, LLC | \$10,400 |

Legal description

Lot 10, Block 3; Messerli and Eschbach’s Addition, Ramsey County, Minnesota.

The property will be conveyed for development of a commercial office building. 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 resolution which approves the following actions:

1. The sale of HRA parcel to Design Lab Properties, LLC for the purchase price of \$10,400.
2. Approval of a Development Agreement with Design Lab Properties, LLC.
3. Authorizing the Executive Director to finalize the loan and land sale documents for execution by the appropriate HRA officers.

Sponsored by: Commissioner Bostrom

Staff: Daniel K. Bayers (266-6685)

Attachments

- Attachment B -- Project Summary
- Attachment C -- Map
- Attachment D -- Sources and Uses Summary
- Attachment E -- Public Purpose
- Attachment F – District 4 Profile