

PAYNE PHALEN DISTRICT FIVE PLANNING COUNCIL

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August 7, 2012

Chair Thune and Commissioners
Saint Paul Housing and Redevelopment Authority (HRA)
City Hall and Court House, Council Chambers - 3rd Floor
15 West Kellogg Boulevard
Saint Paul, MN 55102

RE: Authorization to Enter into a Development Agreement, Obligate NSP Funds and Approve Sale and Conveyance of Land to BB Housing Associates, LLC for Parcel 754 Payne Avenue, Located within ISP/NSP Neighborhoods, District 5, Ward 6

Dear Chair Thune and HRA Commissioners:

On November 1, 2011, the Payne Phalen Community Planning & Economic Development Committee (CPED) held its monthly meeting and the above matter was addressed. The District Five Railroad Island Task Force representatives spoke to their position of strong support for this redevelopment which conforms to the Railroad Island Summary Update of the Small Area Plan – incorporated into the City of Saint Paul's Comprehensive Plan. Following a presentation by the applicant, CPED unanimously approved by vote a motion to support the application to Saint Paul's HRA for preferred developer status for 754 Payne Avenue. The District Five Board of Directors unanimously approved this CPED action which appeared on its December 2011 Consent Agenda.

The District Five Planning Council is pleased to offer its strong support for the redevelopment and future management of this property. CPED and the Board of Payne Phalen District Five Planning Council have worked closely with BB Housing Associates, LLC in the past and have experience and have directly witnessed that quality rehab work has been accomplished at these properties. The CPED Committee questioned and confirmed that BB Housing implements high quality standards as a landlord and property manager.

The draft minutes of the CPED Committee meeting are attached.

The Payne Phalen District Five Planning Council strongly supports BB Housing Associates, LLC as the HRA designated preferred developer for this property. Please contact us if you would like further information about this support and position.

Sincerely,



Leslie McMurray
Executive Director - Lead Organizer

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Community Planning & Economic Development Committee (CPED)

Tuesday, November 1, 2011 6:30 PM

722 Payne Avenue – Eastern District Police Station

Chair: David Syers

DRAFT MINUTES

CPED Members Present: Chair David Syers, Al Oertwig, Suzan Forsberg, Ted Hecht, Buzz Wilson, Suzan Forsberg, Patrick Ruble, Ed Davis.

Excused Absence: Cheryl Peterson, Ryan Kapaun.

Community Guests: John Vaughn (ESNDC), Al Carlson (PED), Sheri Pemberton Hoiby (PED) Joe Musolf (PED) Seane Thomas (ESNDC) Linda Arnesan (RRITF) Jimmy Gerding, Linda Jungwirth (Commissioner Rettman).

The Chair, David Syers called the meeting to order and introduced the Committee and community guests.

Agenda Approved:

Brian Tourtelotte of Parks and Recreation was removed from the agenda.

~~Ryan Kapaun moved to approve the Agenda. Regina Ripple seconded the motion. Agenda approved by vote.~~

BB Housing Associates – Michael Buelow

A presentation was made for BB Housing Associates to have preferred developer status for three properties owned by the HRA. 686 Bradley Street, 754 Payne Avenue, 856 N. Burr Street and 982 N. Burr Street.

Mr. Buelow has been working to rehab vacant properties and then manage them as rental housing. He is currently working on projects in Rail Road Island on Hopkins and Edgerton. He showed illustrations of each project and described the scope of work for each rehab.

Sheri Pemberton Hoiby (PED – City of Saint Paul) noted that the framework Mr. Buelow is working in with the HRA assures that money earned comes back into the community over time. Payments on the property get recycled to the City for the benefit of continued community reinvestment.

Linda Arnesan, Chair of the RR Island Task Force was present and noted that she had just toured the properties. She is strongly in favor of this redevelopment effort and feels that BB Housing Associates is doing a quality job on the properties.

Motion to send a letter of support for the projects by Ted Hecht. Second by Al Oertwig.

The motion passed by unanimous vote.

**Joe Musolf, Planning & Economic Development (PED)
Neighborhood Stabilization Project 3 (NSP3)**

Mr. Joe Musolf gave a thorough overview of the Neighborhood Stabilization Project which includes 3 funding cycles (1, 2, and 3). He showed maps where the funds were to be spent. Payne Phalen District Five neighborhoods were included in each phase of project funding and is the exclusive site for NSP 3. The programs allow for acquisition of property, demolition, and rehab or new construction. 75% is for acquisition and rehab and 25% can be used for other outcomes. Projects such as BB Housing Associates and Habitat for Humanity on the East Side are being funded through various NSP dollars. The goal of the program is to invest in a property, turn it over and recoup a portion of the investment for future purchases and rehab. The total monies of NSP are approximately 31.5 million. 2.8 million is for NSP 3.

Saint Paul has had roughly 1000 foreclosures a year. In the NSP 3 area, 1 out of 4.5 homes are in foreclosure or close to 20%. 76 homes are being "touched" by the NSP 1, 2 and 3 funding. It is often hard to find the owner of many of the vacant homes – this is a time consuming process.

The timeline for spending the money varies for each phased project.

NSP 1 – 100% to be spent by March 20, 2013.

NSP 2 – 100% to be spent by Spring of 2013.

NSP 3 – 100% to be spent by 2014 Spring with 50% to be spent by 2013. This is to be a program that recoups part of the investment to allow for future investment.

PED is working hard to meet all deadlines and sees no reason why the deadlines will not be reached. Acquisition is a time consuming front end process that is not highly visible – the project is visible when rehab construction begins.

CPED member asked why there are not programs where a responsible owner who is rehabbing their home can be allowed to live in the home while bringing it up to code? Inspections could assure that the work is properly done – and this would make it more feasible for home owner occupied rehab to occur. With the costs of not living on site and doing rehab – the expense may preclude many good potential home owners from making a stake in the neighborhood. City staff responded that there are some programs to help home owners to rehab (though not the program as described). The CPED member said there are not enough programs for which working people qualify. He felt that the programs are too restrictive in terms of income limitations and that many more stable working families could benefit greatly from similar help to get launched and bring homes up to code. John Vaughn (ESNDC) said that staff could determine qualification for programs with this resident.

NSP 3 is a program "with strings attached". There are some income guidelines to be met to qualify for the homes once they are rehabbed. A mix of rental that is well managed and home ownership is the goal. Al Carlson noted that more types of funding for people on the edges of NSP designated areas is likely in the future. Someone noted that the income guidelines are fairly broad and that up to 110% of median area income does fit many families in the area.

A plan to work with the watershed district to offer \$300,000 to create rain gardens may enhance local properties. The plans for collaborative efforts are in the works. This funding

would cover landscaping, materials and labor and the end result will be improved curb appeal for the neighborhood.

CPED member wondered if private entities are “getting a windfall” from the public subsidies and he asked how the properties will be marketed. Al Carlson noted that all work being done is by private contractors who bid. The city carries the mortgage.

Some discussion of speeding up the tax forfeiture process with lenders occurred. District Councils can put pressure on DSI to make sure that Category 2 and 3 vacant homes are properly classified and monitor the condition of the properties.

The website to stay updated on NSP programs is found at www.stpaul.gov/nsp

New construction is also an option and tool in the NSP plan. But this would probably follow successful acquisition and rehab.

The CPED Chair stated “it’s all good stuff and we need more of it”. CPED thanked the city staff for the thorough presentation and for answering a number of questions that were surfacing in the neighborhood. Mr. Musolf re-stated his commitment to work closely with the District Councils throughout the process and to be available to residents with concerns or questions. The scope of work for the City is challenging but worthwhile and feasible. Community input will help make sure the program is implemented for the best housing outcomes.

Past Minutes Approved:

The October 4, 2011 draft minutes were reviewed and accepted. Motion to adopt the minutes by Suzan Forsberg. Second by Oertwig. Passed by vote.

Motion to adopt the September 13, 2011 revised minutes with one correction offered by Patrick Ruble. Motion from Jim Smith. Second. Passed by vote.

Ted Hecht raised interest in further exploration and possible advocacy by CPED for a bike lane on Greenbrier leading from Wells to the new Payne Maryland Project. Jim Smith has done some research of this option. The CPED Committee expressed interest in addressing this at a future meeting.

Ted Hecht reported that he attended the District Five sponsored Land Lord training and that he appreciated the forum and felt that those attending found it helpful. He suggested that the work be continued as a District Five priority. He noted that several local business people attended and found it helpful. The Committee noted this positive report and indicated interest in similar future offerings.

SEEGER SQUARE POSTAL STATION CLOSURE AND ACTIVISM

David Syers raised the issue of a letter received by the USPS regarding a notice of potential closure of the Seeger Square postal station. He urged a District Five effort to halt the loss of service and recounted the past victory achieved through neighborhood action and comments addressed to the USPS and public officials. Oertwig moved to notify the community of the issues and to pursue options to keep the station. Hecht seconded. Passed by unanimous vote.

INTRODUCING MR. JOHN VAUGHN - ESND

Mr. John Vaughn was introduced as the newly hired Executive Director of the East Side Neighborhood Development Company (ESND). He was welcomed to the area and he offered a few words of greeting and introduction. He noted he has worked at Dayton's Bluff and was familiar with the District Councils, he has done community development work in North East Minneapolis and along University Avenue with the Corridor project. He lives in Stillwater, MN and has lived in Mac Groveland (St. Paul) and Lake Elmo areas. He is happy to be at ESND and noted he is very interested in stemming the tide of vacant housing and finding solutions for housing degraded by the foreclosure crisis. He was warmly thanked for his attendance along with Seane Thomas who is the new Housing Coordinator.

Meeting Adjourned. (Draft minutes by L. McMurray)