

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

REPORT TO THE COMMISSIONERS

DATE: MARCH 14, 2018

REGARDING: AUTHORIZATION TO ACQUIRE 648 SHERBURNE AVENUE FROM THE TWIN CITIES LAND BANK LLC AND 650 AND 652 SHERBURNE AVENUE FROM TCC ADY LLC, APPROVAL TO RELOCATE THE EXISTING TENANTS AND THE DEMOLITION OF THE BUILDING LOCATED AT 652 SHERBURNE AVENUE AND APPROVAL OF UP TO \$854,420 FROM THE CDBG ACQUISITION FUND. DISTRICT 7, WARD 1.

Requested Board Action

1. Authorization to acquire 648 Sherburne Avenue from Twin Cities Community Land Bank, LLC.
2. Authorization to acquire 650 & 652 Sherburne Avenue from TCC ADY LLC.
3. Approval of up to \$854,420 from the CDBG Acquisition Fund to assist in the acquisition of 648, 650 and 652 Sherburne Avenue, and if required finance the possible relocation of the existing tenants and demolition OR rehabilitation -of the building located at 652 Sherburne Avenue following an additional community engagement process.
4. Authorizing the Executive Director to finalize the land purchase documents for execution by the appropriate HRA officials.

Background

648, 650 and 652 Sherburne Avenue are located on the south side of the street between Dale Street and St. Albans Street North. 648 and 650 Sherburne Avenue are vacant lots. 652 Sherburne Avenue has an eight (8) two bedroom unit apartment building on the parcel.

Ain Dah Yung Center (ADYC) and Project for Pride in Living (PPL), with the assistance from Twin Cities Community Land Bank LLC/TCC ADY LLC (TC Land Bank), purchased these properties to develop their 40 unit apartment building for homeless youth with an emphasis on Native Americans. During the pre-development phase, staff became aware of a parcel fronting University Avenue that Model Cities wanted to sell which better accommodated ADYC's/PPL's development plans and also solved a LCDA repayment issue for PED.

ADYC/PPL had requested assurance (that was granted) from the PED Director that PED staff would work on a new development plan for the Sherburne site. ADYC/PPL then moved forward with purchasing the University site, secured financing and 9% Low Income Housing Tax Credits. Construction will begin this spring.

An evaluation and cost estimate of the 8-plex at 652 Sherburne Avenue concluded that it was too costly to repair and the best use is to demolish the building and market the site for redevelopment. (Demolishing the building was to part of the original homeless youth project planned for the site.) ~~PED Staff and will work with PPL staff will communicate with to assist the current tenants and initiate an additional community engagement process to determine the best outcome for the site in finding decent and affordable housing to better meet the tenant needs.~~

Staff is working on a Purchase Agreement with TC Land Bank on all three parcels, contingent on HRA approval, for \$666,811 which represents the original purchase price and holding expenses. A recent Certified Market Analysis values the property between \$588,000 - \$634,000. The HRA plans to purchase the property "As-Is." ~~PPL has agreed to continue to manage the property. Assuming approval, staff plans to work with the current tenants to find them alternative housing and then proceed to demolish the apartment building in 2018 or 2019 and prepare the site for sale and redevelopment in keeping with the neighborhood plans.~~ The property is current zoned T2 (Traditional Neighborhood).

Budget Action

An Administrative Order will be prepared for City Council action to move CDBG funds to the acquisition activity account.

Future Action

HRA Board action will be required to sell the redevelopment site to a private developer.

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

The demolition phase of the project will comply with the following programs: Vendor Outreach Program, Federal's Labor Standards, Section 3 and Two Bid Policy.

Green/Sustainable Development

Any new development will comply with the Saint Paul/HRA Sustainability Initiative.

Environmental Impact Disclosure

The Environmental Review is in process.

Historic Preservation

HUD 106 review is in process.

Public Purpose/Comprehensive Plan Conformance

The apartment building at 648 – 652 Sherburne Avenue is located in an area defined by the comp plan as a mixed use corridor. A wide range of uses are appropriate in mixed use corridors including town houses or apartment building. The subject property is also located within a neighborhood center. Strategy LU -1.2 of the comprehensive plan calls for high density development to be permitted in both mixed use corridors and neighborhood centers within the density range of 30 – 150 units per acre. Strategy L5 of the district 7 plan calls for intensifying development on major transportation corridors. The Dale Street station area plan calls for new development at this parcel to be up to 3 stories in height.

Recommendation:

The Executive Director recommends approval of the attached resolution for:

1. Authorization to acquire 648 Sherburne Avenue from Twin Cities Community Land Bank, LLC.

2. Authorization to acquire 650 & 652 Sherburne Avenue from TCC ADY LLC.
3. Approval of the acquisition of the properties and the expenditure up to \$854,420 in CDBG funds for expenses related to future plans for the site to be informed by an additional community engagement process~~Approval of up to \$854,420 from the CDBG Acquisition Fund to assist in the acquisition and related expenses of 648, 650 and 652 Sherburne Avenue, relocation of the existing tenants and demolition of the building located at 652 Sherburne Avenue~~
4. Authorizing the Executive Director, staff and legal counsel for the HRA are further directed and authorized to take all actions necessary to implement this Resolution and to finalize the land purchase documents for execution by the appropriate HRA officials.

Sponsored by: Commissioner Thao

Staff: Daniel K. Bayers (266-6685)

Attachments

- Attachment – Map
- Attachment – Public Purpose
- Attachment – District 7 Profile