

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 Properties Located within ISP/NSP Neighborhoods, Payne Phalen District 5, Ward 6, Identified as: · 732 Jessamine Avenue · 697 Cook Avenue· 686 Hawthorne Avenue

Dear Chair Thune and HRA Commissioners:

On July 10th, the Payne Phalen Community Planning & Economic Development Committee (CPED) held its monthly meeting and the above matter was addressed. CPED unanimously approved by vote a motion to support the application to Saint Paul's HRA for preferred developer status for 732 Jessamine Avenue, 697 East Cook Avenue, and 686 East Hawthorne Avenue. The District Five Board of Directors unanimously approved this CPED action which appeared on its July 24, 2012 Consent Agenda.

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.

CPED additionally urges the City of Saint Paul to pursue the option of augmenting part of the HRA owned lot at 695 East Cook to augment and enhance the 697 Cook property. The Committee and community members believe that this could expansion of the parcel will greatly enhance this corner lot. This expanded lot would positively contribute to the character and quality of life of the neighborhood.

The draft minutes of the CPED Committee meeting are attached. Neighbors attending the meeting spoke for and against the resolution. To summarize, those speaking against the resolution expressed a desire to see more single family home ownership and investment supported in the neighborhood. Those speaking in support of the resolution cited their direct positive experience with the quality rehab work of BB Housing Associates, LLC in past and current projects in the neighborhood.

The Payne Phalen District Five Planning Council strongly supports BB Housing Associates, LLC as the HRA designated preferred developer for these three properties. 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, July 10th, 2012

6:30 PM

722 Payne Avenue – Eastern District Police Station

Chair: Patrick Ruble

DRAFT CPED ACTION AGENDA

1. Call to Order, Welcome and Introduction by CPED Chair Patrick Ruble
2. Agenda Review and Approval
3. Approval of June 5, 2012 Draft CPED minutes.
4. Rolling Hills Development:
This project was approved by CPED in 2010. The developers are coming back for renewed approval request because of new funding opportunities.
Presenters: Pat Connelly, Lutheran Social Services and Chris Wegscheid, CERMAK
RHOADES Architect
5. BB Housing - Request for support of NSP 3 developer status: 697 East Cook Avenue, (Mr. Buelow will be providing CPED requested information at the meeting). A list of present BB Housing Associate rental properties in the area is attached with links to website. Mr. Buelow is seeking preferred developer status from the HRA for NSP 3 proposed redevelopments at 697 East Cook, 698 Hawthorne and 732 Jessamine Avenue.

City staff members are asked to respond to community questions regarding the NSP 3 program, eligibility, guidelines and funding.
6. Developer Proposal for 697 East Cook Avenue -- Nancy Finch (See attached proposal)
7. Karen Weiblen - presentation on building permit extension for her home at 536 E. Iowa.

Updates - Announcements

135E Cayuga Reconstruction – Oertwig

July 26th Ground breaking for PMP and facility naming process – McMurray

Other

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Payne Phalen District Five Community Planning & Economic Development Committee Draft Minutes

Tuesday, July 10th, 2012 – 6:30 p.m.

722 Payne Avenue (Payne and Minnehaha)
Eastern District Police Department Community Room

CPED Committee Members Present:

Chair Patrick Ruble	P	Darlene Adams	P	Edward Bertges	E
Rich Bold	E	Ed Davis	E	Roy Evans	P
Suzan Forsberg	P	Ted Hecht Sr.	P	Cathy Hennelly	P
Al Oertwig	P	Crystal Passi	P	Cheryl Peterson	P
Ann Polachek	P	Regir a Rippel	P	Keith Schmalzbauer	P
Christian Schweitzer	P	Jim Smith	E	David Syers	P
Buzz Wilson	P				

P= Present, L= Late, A= Absent, E = Excused Absence,

Community Participants & Guests: Jimmy Gerding, Karen & Don Weiblen, Jocelyn Jensen, Nancy Finch, Bette Revoir, Bob Revoir, Bob Schmidt, Corey Tesdahl, FOUNG Hawj, Chris Wegscheid (CERMAK RHOADES Architect), Pat Connelly (Lutheran Social Services), Roxanne Young (City Staff), Joe Musolf (City Staff), Linda Arnesan.

Chair Patrick Ruble called the meeting to order and welcomed everyone.

Mr. Ruble announced the sudden passing of CPED member and community leader Jim Smith. The committee acknowledged Mr. Smith's longstanding positive leadership contributions to the neighborhood and proposed a memorial gift of the family's choosing.

David Syers was formally and warmly thanked by Chair Ruble and the Committee for his excellent community service as CPED Chair for a number of years. .

Agenda Review and Approval

The agenda was reviewed and approved with a change of order. Motion passed by vote.

Approval of June 5, 2012 Draft CPED minutes.

Motion by David Syers to approve the June 2012 CPED Minutes. Second by Ted Hecht Sr. Motion passed.

Rolling Hills Development – on Westminster

Guest Presenters: Pat Connelly, Lutheran Social Services and Chris Wegscheid, CERMAK RHOADES Architect

Pat Connelly of Lutheran Social Services spoke regarding the project. He made known that he is currently on the Saint Paul Planning Commission. This project was approved by CPED in 2010. The developers are returning to CPED for renewed approval because of new funding opportunities that are available. They realize that CPED members have changed and hope to update CPED on the project. A significant amount of written program information was provided to CPED prior to the meeting. Site plans were shared with the Committee. The project will serve residents associated with Breaking Free and LSS refugee service programs. The property is going to be given a "face-lift": new balconies, windows, & landscaping, and a play area, vegetable garden for tenants and a small community room where services can be provided and the community can meet. There will be finishing work done inside the apartments such as new plumbing fixtures and tile work. Most interior work for each unit will take one to two days, so no one will be displaced. If the new funding is secured, Lutheran Social Services of MN (LSS) will become a 51% owner and development partner along with the current owners of the property, Rich Pakonen and Clint Blaiser. This will make the project a viable nonprofit with LSS holding the controlling interests. The additional funding allows the property to be recapitalized and funding type requires a nonprofit organizational structure.

According to the property managers, in Minneapolis, the police can immediately notify a landlord of incidents instantly. Landlords have the information that can allow them to quickly remove tenants if they have a crime-free addendum in the lease. It would be ideal if Saint Paul also pursued this policy.

CPED members spoke to the benefit of the Breaking Free program for women who are victims of prostitution. LSS provides a range of wrap-around services for new refugees. Breaking Free occupies one separate building and retains program staff separately from the other units. \$14,000 million or \$20,000 to rehab and upgrade each nit is being requested. MHFA has a tight timeline for shovel ready projects.

D5 staff reported that current knowledge of the property indicates it is well maintained and not a significant source of nuisance or criminal activity.

Motion by Al Oertwig to renew support for the funding request for the Rolling Hills Development project as described. The motion included a request to consider making the new community room for occasionally available for broader community use. Second by Christian Schweitzer. Motion passed.

Developer Proposal for 697 East Cook Avenue – Nancy Finch presenting

Ms. Finch lives at 1067 Greenbrier Street, which is to the back/rear of 697 East Cook Ave. CPED confirmed that all had received her prepared packet of information. Ms. Finch spoke about her own experience growing up in a single-family home on the West-side of Saint Paul. She attended neighborhood schools, and the neighbors cared about one another. She also spoke about the benefits of home ownership. She cited the benefits of home ownership as a stabilizing force in the neighborhood. She reported a problematic trend of rapidly increased number of multi-family homes in her area. Her question to the Board: Do you want more rental property in this district or do you want home ownership?

Ms. Finch originally approached Habitat for Humanity to see if they had an interest in developing the property. "I had contacted Habitat for Humanity (HFH) and I spoke with Mike Nelson. "He stated to me that HFH has a maximum square footage for properties they can take on. The square footage at 697 E. Cook Avenue is too large for them to take on". A CPED member asked about the addition to the property. He brought up tearing off the addition and asked if that is what was wanted in order to rehab 697 East Cook into a single family home. Ms. Finch, "I had talked with Roxanne Young (City of Saint Paul - HRA)

about that , and that it appeared from the slight curve inward on the East side of the building that the property had been extended, therefore, no yard." In response to the second issue she said, "Yes, if it is possible to do that".

She reviewed with CPED the handout she had provided (attached). She noted past nuisance issues including illegal subletting of attic space, noise and police calls for service. She feels the lot cannot properly accommodate two families. Again, the history of police calls, calls to DSI, are documented and numerous. Nancy has found the property to be a nuisance. There is nothing to contain the spillover impact of sound from the property.

Ms. Finch noted that CPED could choose to not comment on the proposed rental rehab, or could choose to oppose it. She is not in favor of making the parcel a rental property. She hopes for the investment of a single family home owner on this lot. If it must be rental it should be owner occupied. She also raised the option of creating condos.

The current lot is too small for the number of people who will live on the site. However the property is handled, it is necessary that fencing and landscaping be addressed and she proposed the potential addition of part of the adjacent HRA owned property (695 E. Cook) to allow the space for residents to have a yard. Ms. Finch had met with city staff Roxanne Young to review the project and the surrounding neighborhood. A number of problems affecting quality of life were noted.

"Roxanne Young and I had a conversation about how there is no backyard at 697 E. Cook Avenue. We also talked about the fact that the garage needs to be taken down. In addition we discussed the noise from cars (slamming doors, working on cars, etc.), and we talked about the possibility of splitting the lot at 695 E. Cook (vacant) to add onto 697 to create a yard and allow for space for a parking pad. To abate noise, we discussed adding fencing and 'andscaping that would help to buffer the noise."

Roxanne Young, City of St. Paul Housing and Redevelopment Authority (HRA), provided answers to questions about the NSP 3 program along with Joe Musolf. Every newly acquired property is analyzed for potential use, structural condition. 695 Cook – next door to this property will be demolished and this will be a vacant lot owned by HRA. The staff recommendation is that 697 Cook remains a duplex. This structure has been a duplex or multi-family structure for about 90 years. It is structurally sound and is a good candidate for rehabilitation as a duplex.

Joe Musolf (PED) answered questions about how people from the community can obtain access to NSP 3 programs and other city programs.

How was the NSP 3 program advertised?

Two processes exist and all information is public.

A request for proposals based on pre-determined criteria.

Developers come forward with a proposal. ENS process notifies that a proposal is received and other developers can make a counter offer.

In Frogtown an offer was made of 17 properties. Ten developers responded for ten of the properties.

Discussion points (CPED & community members) :

- Something will happen to the property. Don't know what the real options are to compare with the BB Housing proposal. A cost/benefit analysis of the available options would be necessary to clearly evaluate developer options.
- Referencing a handout that was distributed by Ms. Finch. A triplex on West 7th is being moved and is being deconverted to a single family home. This shows that it is possible to finance and rehab a multi-unit structure to a single family home.

- More owner occupied rental homes /duplexes are desired – but how can an individual get the benefit of the program such as NSP3? The program favors developers but doesn't appear to be a resource for the individual who would want to redevelop a duplex and live in the duplex.
- More education is needed to help people who want to invest in the neighborhood to access the resources to do quality rehab work. This is a real need for our community.
- Though 695 Cook may be viewed as a buildable lot – there are quite a few vacant lots in the area. The community is interested in recommending that the lot be divided and annexed in part to 697 Cook.
- How can people who live in the neighborhood and who invest in the community get access to the benefits of these programs?
- A policy discussion needs to happen about what the neighborhood desires in terms of housing development. "Many people tend to agree with Ms. Finch on the benefits of home ownership or owner occupied housing".
- The current rules to participate in the NSP 3 program may not be known or accessible to the public or to individuals.
- There are ways for citizens to get involved. A developer can be anyone – an individual or a CDC or a private developer. There is a great degree of compliance that is required in the process and this is not always accessible to families that want to rehab a home.

**BB Housing proposal for 3 properties – Michael Buelow of BB Housing Associates
Request for support voiced to the HRA for NSP3 preferred developer status: 697 East Cook Avenue, 398 Hawthorne, and 732 Jessamine**

Mr. Buelow is an accredited property manager, and property developer with architectural experience. He wants to take 3 dilapidated vacant properties and turn them into well-managed quality homes. He described plans for each of the properties and passed around visual boards for each property.

Addressing in turn:

697 Cook – 3 BR upstairs and 3 BR downstairs is proposed.

598 Hawthorne – 3 Br on 1st, 3 BR on second. 2 car garage.

732 Jessamine – 3 BR first floor, 2 BR 2nd floor

He noted that the 3rd floor space would be filled with insulation and would not be rentable space. He does not find the properties are suitable for single family homes.

Mr. Buelow presented in June at CPED, returned with requested information on police calls for service, a sample lease with crime-free addendum, a list of owned St. Paul properties. He provided information on the depreciation schedule for the property and NSP 3 guidelines, and explained that the city and he provided his scope of work documents. He described the energy improvements, hazard abatement and how he creates healthy living spaces. He noted his affirmative action program and his work to contract and subcontract new small businesses and minority and women owned contracting businesses. He accomplishes these goals by breaking up his specs to smaller projects.

He hosted an open house for community members at a work in progress at 765 Edgerton and a finished property at 402 Hope (Dayton's Bluff area).

He feels that he is a good landlord and a responsible property manager. He is actively involved, addresses any problems head on and uses a thorough screening process. District Five at CPED request provided police calls for service for the past year. McMurray noted the record was clean. Buelow spoke of how he handed one problem with a tenant and how he manages problems if they arise.

Discussion was held regarding a range of issues.

A broader policy focused discussion needs to be held in the district regarding goals for properties – whether rental, owner-occupied rental or home ownership.

Some voice a preference for more owner occupied rental in the area and less absentee landlords.

The Jessamine property is directly adjacent to a HFH construction project and this will anchor that corner.

In this program the City stays involved in the property. After 15 years the city hires an appraiser. At that time the city gets back 50% of the property value and can recycle this into other HRA properties.

Bette Revoir told of a history of living next to a nuisance property and the role of the police in correcting the issue. She asks that good neighbors be recruited to live at the Hawthorne property.

Syers moved that CPED support BB Housing Associates with securing HRA approval for rehabilitation of properties at 697 Cook, 598 Hawthorne, 732 Jessamine. Regina Rippel seconded.

The garage could be removed and a parking pad be put in the back if that was preferred.

The requirement for 695 Cook is determined by the funding used to purchase it. It must be put to a residential use. Typically the best use of the funds is to create a new home and return the property to the tax base.

CPED member said that 695 Cook may best be utilized for residential use by adding a splinter lot to 697 Cook. Encourage the City to look at how to make this property better – offering the lot as a package.

We have someone with proven record of success ready to turn 3 properties into quality homes and get the homes back on the tax base.

The time frame is to start construction in late summer and be ready at year end.

Seriously address the concerns of the people who live in the neighborhood. Respect the people who live in the area as you work on this project.

RR Island Task Force Chair Linda Arnesen passed around a letter of support and strongly recommended the work of BB Housing Associates.

Still not clear how a private person can access the public dollars to develop the neighborhood. The City could be much stronger if it encouraged and supported this type of home owner investment.

Would like to see a registry of qualified developers including individuals who could be notified of opportunities.

Advertising the duplex with a place to play would help to market the home to a stable family. Renters are only as good as their landlords. We have many excellent renters and many residents who

Buelow is open to looking at that possibility with the HRA. Too large a yard may not be feasible but a splinter parcel or re-situating the garage on the lot are possibilities.

A motion to support the application to HRA for preferred developer status for 695 East Cook, 698 Hawthorne, 697 East Cook.

An amendment was proposed by Cheryl Peterson to look at the option to split the 695 Cook lot to augment the 697 Cook lot.

Darlene moved that BB Housing take into consideration the issues raised about 697 East Cook as they go forward including lighting, lot arrangements and fencing.

Joe Musolf noted that he would insert the community input into a letter to the HRA. He would put the comments into the letter to the HRA report. He promised to insert Darlene's concerns in the letter. He said he was obligated to report the information to the HRA.

Darlene Adams rescinded the motion in light of the letter promised by Joe Musolf.

Don and Karen Weiblen – presentation on building permit extension for her home at 536 E. Iowa.

Took out a building permit in 2003 with no closing date. In 2008 CPED gave the Weiblen's support to get an extension on their building permit. They appreciated that support. They described their work they are doing as putting an addition on to their house. On May 25th 2012 the Weiblen's received a letter from the City. A building inspector came over and said that some of the work would have to be torn up. Most recently they received a stop work order. The City wants to inspect what has been done and issued a stop work order. They would like to not be charged the vacant building fee. They felt they could complete the work by the end of the year. The Weiblens state that they do not occupy the structure between 8:00PM and 8:00 AM. They want CPED to be aware that Roger Allmendinger and Kelley Riley – both D5 board members – have visited their property. (A letter noting this sent by Pastor Allmendinger is in the CPED packet).

A CPED member stated that they themselves had to pay the fee on a vacant building they are currently working on over an extended time. Waivers of vacant building fees should be uniformly applied.

Question posed by CPED member – "What will it take to get the work done?" An electrical and mechanical permit needs to be taken out but the stop work order prevents that right now. A vacant building fee was waived several times.

"A concern is that there is a pattern here that may rest on a lack of knowledge. These property owners may need to get very clear and ask for the steps required by the City (in writing) for this house to be habitable. A number of projects in this neighborhood have not had good outcomes – simply because an owner was unclear about the steps to take and City requirements."

The couple would like their original building permit (2003) that did not have deadline to allow them to work on the project for "as long as it takes". They asked, "What is the burden on the city if the project takes more years to complete?"

The Committee seeks clarity on the issues. CPED members want to know and hear from the City any requirements that must be met in order for the project to be completed to the City's standard.

Syers moved that CPED table the discussion until we can hear from city staff on what is required and why work stoppages are being issued. He asked that the city staff be invited to a future CPED meeting. Seconded by Regina Rippel. Motion passed.

993 Edgerton – Corey Tesdahl, resident

A resident at 999 Edgerton, Tesdahl wanted to bring up the SFH at 993 Edgerton that is a category 3 vacant building. Tesdahl recently purchased a portion of what had been the back half of 993 Edgerton. 993 is now 75 feet deep and it is a corner lot. Tesdahl lives to the direct north. Has had five owners since 1996. It has been condemned before and is condemned again. Has about 1 police call per month for a long period of time. June 26th, 2012 - Legislative Hearing. Mr. Larsen the owner spoke of his plan to rehab the property. He was asked to complete work by July 10th, 2012, pay back taxes and summary abatements etc. City estimated \$50,000 of work that he was to have bid out. Photos were provided that showed littering and dumping. Tesdahl said that no maintenance or improvements are yet visible. The building is a source of blight and crime. Tesdahl seeks support from CPED regarding the building and he would like the building demolished. Tesdahl is possibly interested in owning the vacant lot once the structure is demolished.

Jocelyn Jenson spoke to the property being a significant nuisance for some time. Cheryl Peterson echoed the fact that she has called in on problems for years. One member said she did not want more empty lots in the neighborhood. The building is a category 3 condemned building with a recommendation of demolition.

Syers moved that CPED ask staff to get an update on the property status since the Legislative Hearing and to inquire about the next steps that the City will take. Christian Schweitzer seconded the motion. The motion passed by vote.

Updates – Announcements

Oertwig reported on I-35E Cayuga reconstruction. Maryland Bridge will be removed and ramps will be closed periodically during construction. Recommendations for design elements to be added to the sound walls (on the west side) can be given to Mr. Oertwig. A letter from MN DOT is anticipated in response to Commissioner Rettman's letter regarding improvements.

The groundbreaking for the Payne Maryland project will be held on July 26, 2012 at 11:00 AM. All District Five residents and board members are encouraged to attend.