

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

**REPORT TO THE COMMISSIONERS**

**DATE: JUNE 23, 2021**

**REGARDING: RESOLUTION APPROVING REVISED LAND HELD FOR RESALE  
VALUATION POLICY, CITYWIDE.**

**Requested Board Action**

Adopt a new policy for valuation of land held for resale for the purposes of the HRA's accounting records.

**Background**

The HRA Board of Commissioners last updated its policy for establishing a value for accounting purposes of properties held in the HRA's portfolio for redevelopment and resale ("land held for resale"), Resolution No. 11-2490 (attached) in 2011. This current policy for valuing land held for resale for the HRA's accounting records states that the value will be set as the acquisition cost, less transaction costs and fees.

The Office of the State Auditor (OSA) in 2019 issued an audit finding related to the Authority's compliance with the policy. The OSA found that for five of 18 property records tested, the files did not include adequate documentation of the valuation of the property at the time of acquisition consistent with the policy. The HRA's defined corrective action was to evaluate this policy to determine if changes were warranted, and if so, to adopt a new policy by June 30, 2021 (attached pp 11-13).

The HRA staff assessment of the current policy for land held for resale, as reported to the State Auditor in subsequent audit corrective action notices, is that the policy should be updated for a more accurate methodology of valuing property held as an asset on the HRA's books. The 2011 established valuation policy does not take into account market changes in value over time, does not establish a uniform assessment authority for each property in the portfolio, and does not indicate the method for valuing property for the purposes of accounting records

Staff recommends the following new policy for valuing land held for resale for the purposes of accounting records:

- Revise current values for properties held in the HRA property portfolio in 2021 based on the current Ramsey County estimated market value.
- Update the portfolio property values every five years based on the Ramsey County estimated market value. In the event overall market values change significantly between the five-year update periods, interim updates may take place.
- When new properties are acquired, the Ramsey County estimated market value at the time the property was acquired will be used as the property valuation.
- When a property is sold, the value for that property will be removed.
- When parcels are combined, the Ramsey County estimated market value at the time of the parcel join will be aggregated.
- When a parcel is split, the values of each of the resulting parcels will be determined proportionate to the square footage of each resulting parcel, based on the Ramsey County estimated market value of land at the time of the split. When a parcel split contains a building, the split parcel values will be based on the proportionate land value with the building value accruing to the parcel that contains the building.

**Budget Action**

N/A

**Future Action**

N/A

**Financing Structure**

N/A

**PED Credit Committee Review**

N/A

**Compliance**

N/A

**Green/Sustainable Development**

N/A

**Environmental Impact Disclosure**

N/A

**Historic Preservation**

N/A

**Public Purpose/Comprehensive Plan Conformance:**

For purposes of accounting records, land held for resale valuations will be reflective of assessed market values with the new proposed policy, and the value of the HRA land portfolio will be more accurately stated in the HRA accounting records. Property valuations consistent with the HRA land held for resale policy will be more consistent across the property portfolio and records will be more easily maintained in accordance with this policy, based on Ramsey County assessor records.

**Statement of Chairman (for Public Hearing)**

N/A

**Recommendation:**

Adopt a new valuation policy for HRA-owned land held for redevelopment and resale.

**Sponsored by:** Chair Chris Tolbert

**Staff:** Rhonda Gillquist

**Attachments**

- HRA RES 11-2490
- Office of the State Auditor 2019 schedule of findings and corrective actions