

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

REPORT TO THE COMMISSIONERS

DATE: APRIL 23, 2014

REGARDING: APPROVAL OF THE SALE AND CONVEYANCE OF PARCELS 975 MINNEHAHA AVENUE EAST AND 1087 ROSS AVENUE, DAYTON'S BLUFF, DISTRICT 4, WARD 7.

Requested Board Action

Approval of the sale and conveyance of Parcels 975 Minnehaha Avenue East and 1087 Ross Avenue to The Investor Group.

Background

The City of Saint Paul HRA has been implementing the work plan authorized by the HRA in 2007 (which was periodically amended in the succeeding years) for the Invest Saint Paul (ISP) Program and Neighborhood Stabilization Program (NSP). Authorizing HRA resolutions include:

Invest Saint Paul work program (07-08/08-3)

Neighborhood Stabilization Program 1 (09-02/25-6)

Neighborhood Stabilization Program 2 (10-3/24-3)

Neighborhood Stabilization Program 3 (11/721 and 11/623)

Through the above resolutions, the stage was set for an investment of \$17 million of ISP municipal bonds and \$32 million of NSP federal grants into Saint Paul's neighborhoods that were most impacted by the mortgage foreclosure crisis and the resulting dramatic increase in vacant properties. Funding received through the Neighborhood Stabilization Program had specific expenditure requirements, which the HRA has met for the first two rounds of NSP, and is projected to meet for the third round of NSP. During the course of the respective work programs, the HRA aggressively acquired blighted, vacant, and foreclosed property, provided support to community organizing initiatives, and redeveloped vacant commercial and residential buildings into neighborhood assets.

Activities begun under the ISP and NSP initiatives have been folded into the Inspiring Communities Program (Program), a single family housing program that involves the

development, or redevelopment, of HRA-owned property. The Program stemmed from the HRA Land Disposition Strategy (LDS), which was designed to address 240 parcels in the HRA inventory; the LDS was approved by the HRA on July 24, 2013 by Resolution number 13-1097. One category of the LDS is the disposition of Buildable Lots for Sale.

In order to inform a strategy and process for the disposition of the 56 lots in this category, staff began with a pilot project. Four vacant lots were listed on the Multiple Listing Service on February 10, 2014 to gauge interest by developers and individual purchasers. The only requirement on these properties is that any structure built must be owner-occupied. Compliance with this requirement is ensured via a Declaration of Restrictive Uses, which limits the use of the property to ownership and requires the owner to file for homestead through Ramsey County. The HRA sold one of the four, 1029 Margaret, to a neighbor for side yard. These two properties are being sold to a developer (The Investor Group) for development. The sale of fourth property (on Hudson) will be considered by the HRA Board on April 23rd as well.

975 Minnehaha Avenue East

The property located at 975 Minnehaha Avenue East was acquired via donation from Mortgage Electronic Registration System, Inc. c/o Carrington Mortgage Holdings, LLC on July 15, 2009. The structure on this property was declared a nuisance by the Department of Safety and Inspections, and ordered to be repaired or demolished (08-546). The structure was demolished by the HRA post-acquisition and the lot prepared for future development. The lot is approximately 40' x 127', adequate for construction of a single family home.

1087 Ross Avenue

The property located at 1087 Ross Avenue was acquired through Ramsey County's Tax Forfeiture system on September 2, 2005. The lot was vacant at the time of acquisition. The lot is approximately 50' x 127', adequate for construction of a single family home.

Budget Action

No budget action is being requested. The City Council approved required NSP budget actions on November 19, 2008 (Resolution 08-1270), January 28, 2009 (Resolution 09-103) and February

6, 2013 (Resolution 13-32). The HRA approved required actions on February 25, 2009 (Resolution 09-02/25-6); February 13, 2013 (Resolution 13-198); and July 24, 2013 (Resolution 13-1097). All actions identified the eligible funding activities approved under the Inspiring Communities Program.

Future Action

No future action will be required. Once the HRA takes action approving the sale of the property, staff will proceed to schedule a closing and convey the property.

Financing Structure

The property at 975 Minnehaha Avenue East is being sold for \$8,000 and the property at 1087 Ross is being sold for \$10,000. The sale prices are based on an appraisal of a typical lot in Dayton's Bluff and a real estate broker opinion of value. A deed will be used to convey each property and a Declaration of Restrictive Uses will require owner-occupancy. This will be a cash purchase.

PED Credit Committee Review

Credit Committee review is not a requirement of the sale of property.

Compliance

There is no compliance associated with this sale.

Green/Sustainable Development

The sale of this property is not subject to the city's Sustainable Building Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

This action supports two key strategies of the Housing Chapter of the City’s Comprehensive Plan: 1) Build on Saint Paul’s strengths in the evolving metropolitan housing market; and 2) Preserve and promote established neighborhoods.

The purchase and sale of this property supports the goal of the Inspiring Communities Program to strategically channel resources and build upon stabilization efforts in neighborhoods most impacted by vacancy and foreclosure in order to further the HRA’s mission to “preserve, grow and sustain” neighborhoods.

Statement of Chair

“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 Saturday, April 12, 2014. 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 District 4, Dayton’s Bluff:

Property Description	Purchaser/Developer	Purchase Price
975 Minnehaha Avenue East	The Investor Group	\$8,000.00
1087 Ross Avenue	The Investor Group	\$10,000.00

“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 and staff recommend approval of this sale in accordance with the attached resolution.

Sponsored by: Commissioner Lantry

Staff: Sarah Zorn (651-266-6570)

Attachments:

- **Attachment A -- Resolution**
- **Attachment B-- Map/Address of Project**
- **Attachment C -- Census Facts**