

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 11, 2013

REGARDING: DESIGNATION OF DOMINIUM OR AN AFFILIATE THEREOF, AS TENTATIVE DEVELOPER FOR THE HRA-OWNED PARCELS AT 740 (A PORTION THEREOF), 724, 722, 716, 712, AND 710 EAST 7th STREET AS WELL AS 412 AND 406 BATES AVENUE, WARD 7, DISTRICT 4

Requested Board Action

Approval of Dominion, or an affiliate thereof, as tentative developer for HRA-owned parcels located at 740 (a portion thereof), 724, 722, 716, 712, and 710 East 7th Street as well as 412 and 406 Bates Avenue (Property) for a period of 12 months, per the terms and conditions detailed in the attached Resolution (**Attachment A**).

Background

The Property, located in the Dayton's Bluff Historic District, is comprised of eight parcels, mostly located along East 7th Street. The largest parcel was occupied by Hospital Linen, a laundry facility for hospital linens which the HRA acquired in 2004. 7th Street Partners owned the balance of the properties, the acquisition of which was financed by the HRA. The 7th Street Partners, pursuant to a 2005 executed development agreement with the HRA, were to redevelop the Property into 60 single-family homes. Unfortunately, the downturn in the for-sale housing market in 2006 made this development infeasible. In lieu of foreclosure, 7th Street Partners deeded their properties back to the HRA in 2007.

Due to the ensuing recession, no attempts were made to re-develop the site from 2008 to mid-2012. In June of 2012, the Department of Planning and Economic Development (PED) published on the City's web page, and through e-mail, a Request for Interest (RFI) for the Property. Interested parties were given 30 days to submit a response. Commonbond Communities, Mississippi Market, and Dominion responded to the RFI. Through a review panel comprised of PED staff, community members and Council President Lantry's office,

Dominium and Mississippi Market were selected to jointly develop a redevelopment plan for the Property. (A companion board report/resolution will be considered by the HRA Board on December 11th to provide tentative development designation for Mississippi Market.) Dominium is proposing to develop up to 110 units of affordable senior rental housing along East 7th and Bates Streets. (See **Attachment D** for a more detail description of Dominium’s proposal).

PED staff has concluded that Dominium’s proposal substantially accomplishes the goals and objectives of the HRA’s *Policy for Disposition of HRA Owned Real Estate*: 1) the proposal is consistent with existing plans and guidelines for the area; 2) Dominium is seeking community input; and 3) Dominium has extensive experience and the qualifications necessary to successfully redevelop this site.

The site is within walking distance of a major bikeway trail system, a major entrance to downtown and the East Side neighborhood. It is adjacent to the Metropolitan State University (MSU) campus and the MSU/Dayton’s Bluff Public Library that serves thousands of students, neighborhood residents, and visitors. Significant development investments are being planned for the area including a MSU parking ramp and Student Center, redevelopment of the former Cerenity Care Facility, and a Mississippi Market Natural Food Cooperative. Developing this site to its highest and best use will further enhance the East Side-Dayton’s Bluff neighborhood, and have a major positive impact on the community and the City as a whole.

Budget Action

PED staff is seeking a tentative developer designation only. There is no budget action at this time.

Financing Structure

Due to the conceptual status of the proposal, no detailed sources and uses of funds have yet been determined. The Developer will be strongly encouraged by PED staff to develop a proposal that minimizes the need for HRA subsidy.

Compliance

The Developer has signed the first compliance letter acknowledging receipt of the following City/HRA compliance documents (“Compliance Documents”) that will, or may, be applicable for this Project:

- Vendor Outreach Program
- Affirmative Action
- Labor Standards
- Living Wage
- Business Subsidy
- Labor Peace Agreement
- Compliance Agreement for Conduit Bonds and Host Approval

A second compliance letter, outlining the specific compliance requirements that will apply to the Project, will be required before seeking HRA Board approval of a Development Agreement.

Green/Sustainable Development

Developer will be directed to incorporate “green” elements into the Proposal. The Proposal, as currently envisioned, will comply with the *Saint Paul PED / HRA Sustainability Policy*.

Historic Preservation

The majority of the site is located in the Dayton’s Bluff Heritage Preservation District. The Saint Paul Historic Preservation Commission will review the proposed development prior to closing on the sale of the property to Dominion.

Public Purpose

The development of the site will considerably increase access to affordable senior housing along a major transit area, increase the city’s tax base, revitalize a significant amount of vacant land into a productive use, and provide additional vitality to the Dayton’s Bluff district.

Future Actions

Approve a Development Agreement within 12 months.

Recommendation

The HRA Executive Director recommends approval of the attached HRA Board resolution designating Dominion as tentative developer for properties referenced in this report.

Sponsored by: Kathy Lantry

Staff: Eduardo Barrera 266-6585

Attachments

- **Attachment A – Resolution**
- **Attachment B – Location of Site**
- **Attachment C – Background Information on Dominion**
- **Attachment D – Description of Proposal**
- **Attachment E – Project Summary Form**
- **Attachment F – Public Purpose Form**
- **Attachment G – Neighborhood profile**