

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

REPORT TO THE COMMISSIONERS

DATE: JULY 10, 2024

REGARDING: RESOLUTION APPROVING AND AUTHORIZING RESERVATION OF FUNDS FOR CERTAIN SAINT PAUL PROJECTS APPLYING FOR FUNDING FROM THE MINNESOTA HOUSING FINANCE AGENCY, DISTRICTS 2, 4 AND 5, WARDS 6 AND 7.

Requested Board Action:

HRA approval of commitments to reserve \$7,150,000 of HRA funds, and establish purchase prices for HRA land, for the following projects as follows:

1. A maximum reservation of \$4,000,000, and setting an HRA land purchase price of \$300,000, for the Hamm's East End Apartments site located at 694 Minnehaha.
2. A maximum reservation of \$2,500,000, and setting an HRA land purchase price of \$1,200,000, for the Gloryville project located at 1570 White Bear Avenue.
3. A maximum reservation of \$650,000 and HRA land purchase price of \$1.00 for the Face-to-Face project located at 1170 Arcade.

Background

The Minnesota Housing Finance Agency (MHFA) requires that projects applying for financial assistance, as part of the "super RFP", provide evidence of funding commitments to earn "commitment points" and provide site control letters with purchase prices, to earn non-capital contribution/land write down points, under the MHFA scoring process. Projects without substantial funding commitments and non-capital contribution points will not likely be competitive enough to obtain a MHFA award. Land write-down commitments, as evidenced by established purchase prices, are being proposed for the Hamm's East End and Face to Face projects.

PED staff have identified various HRA funding sources to be reserved for three projects applying for MHFA funding.

Hamm's East End Apartment Project

The new construction, Hamm's East End Apartment project will be an 8-story building with 5 levels of housing over at least 3 stories of parking depending on district parking needs. There will be 120 affordable apartments with a family friendly unit mix with 30 one-bedroom units, 60 two-bedroom units, 20 three-bedroom units and 10 four-bedroom units. Rent levels will range from 30% AMI to 60% AMI providing deeply affordable units. The East and West End projects will close together in the summer of 2026. The total development cost of the East End Apartment project is \$60,261,488. The purchase price JB Vang offered in response to the HRA RFP was \$1,000,000. The land price of \$300,000 represents a land write down of \$700,000. This will help fill the financing gap for the project and leverage MHFA land write down points. It is anticipated the East End Apartment project will leverage \$24,111,808 in low-income affordable housing tax credit equity, up to \$14,966,480 in deferred funding from MHFA, and future grant funds from the Metropolitan Council and Ramsey County. A sources and uses of funds is attached.

GloryVille

The GloryVille project will include the new construction of a four-story building with 87 affordable apartments with unit sizes that include efficiency, 1-, 2- and 3-bedroom units. The building will also contain 25,130 square feet of commercial space. The project will have 93 surface and 63 underground parking spaces. Apartment rents will range from 30% AMI to 60% AMI, providing deeply affordable units. GloryVille offered to purchase the property for \$1,200,000. A land write down is not currently anticipated for this project based on Ramsey County estimate market value of the property at \$1,138,200. The total development cost of the GloryVille is approximately \$42 Million. It is anticipated the project will leverage \$12 Million in low-income affordable housing tax credit equity, \$10 Million in funding from MHFA, and future funds from the Metropolitan Council, DEED and Ramsey County.

Face to Face

The Face-to-Face project will include the new construction of a four-story building with 20 affordable apartments with unit sizes that include efficiency, 1-, and 2-bedroom units. The building will also contain 6,000 square feet of office space. Face-to-Face offered to purchase the property for \$1.00. An appraisal indicated the property value of \$81,500. Thus, the sale price of \$1 represents a land write down of \$81,499. It is anticipated the project will leverage \$7.2 Million

in funding from MHFA, and future funds from the Metropolitan Council, DEED and Ramsey County.

Budget Action

There are no budget actions.

Future Action

Future HRA actions for the Hamm's East End Apartments, Gloryville and Face to Face projects will include:

1. Authorization of land sales
2. Approval of final deferred loan amounts, terms and conditions, and authorization to execute loan documents
3. Authorization for issuance of tax-exempt 4% bonds and low-income housing tax credits for the Hamm's East End Apartment and Gloryville projects
4. Authorization of potential LCDA sub-loan agreements

Financing Structure

See attached Sources and Uses of Funds for the three projects

Compliance

All projects will be required to meet City compliance requirements. Projects that receive federal funding will comply with Federal Davis Bacon Wage rates and Section 3.

Green/Sustainable Development

All projects will comply with the City Sustainable development policy.

Environmental Impact Disclosure

Since Federal HOME funds are a possible funding source for the Hamm's East End project, an environmental review will be required.

Historic Preservation

As part of the environmental review for the Hamm's project, a 106 review will be completed for the larger Hamm's site.

Public Purpose/Comprehensive Plan Conformance:

The East End Apartment project will create new family friendly affordable housing and provide parking that will support the historic adaptive use rehabilitation project which will have commercial activity including wealth building opportunities for local businesses. The rehabilitation of the Hamm's structures, that have been vacant for many years, will contribute to the vitality of the Dayton's Bluff neighborhood. Additionally, the larger site plan supports strong and accessible connections for pedestrians and bicyclists, providing access to Bruce Vento Trail and Swede Hollow Park.

The Hamm's redevelopment aligns with the goals of the City's 2040 Comprehensive Plan. The Hamm's Brewery Complex was designated as a Mixed-Use Opportunity Site in the City's 2040 Comprehensive Plan, allowing for higher density mixed-use development or employment centers (Policy LU-2). The proposed development will also meet the following goals established in the City's 2040 Comprehensive Plan:

- Policy H-7. Reduce overcrowding within housing units, caused by doubling up of households and inadequate space for large families, through the production of small and family-sized affordable housing options.
- Policy H-15. Accommodate a wide variety of culturally appropriate housing types throughout the city to support residents at all stages of life and levels of ability.
- Policy H-31. Support the development of new affordable housing units throughout the city.
- Policy H-46. Support the development of new housing, particularly in areas identified as Mixed Use, Urban Neighborhoods, and/or in areas with the highest existing or planned transit service, to meet market demand for living in walkable, transit-accessible, urban neighborhoods.
- Policy PR-31. Encourage and support private landowners and developers to create and maintain privately-owned public space (POPS) and green infrastructure, especially as land use intensity and activity levels increase.
- Policy HP-6. Maintain and preserve designated and determined eligible historic and cultural resources.

- Policy HP-9. Prioritize the preservation of properties and districts designated for heritage preservation from destruction or alteration that would compromise the integrity of their character-defining features.
- Policy LU-6. Foster equitable and sustainable economic growth by supporting business, real estate and financial models that keep more money locally, such as locally owned businesses, local-prioritized employment, employee-owned businesses and commercial land trusts.

The proposal is consistent with the 2009 Dayton's Bluff District Plan, the 2012 Near East Side Roadmap, the 2019 Swede Hollow Master Plan, The Hamm's Reuse and Vision Strategy and it is consistent with the goals described in the April 2022 community letter to the HRA.

The GloryVille proposal conforms to the 2040 Saint Paul Comprehensive Plan (Comp Plan). In Map LU-2 the Comp Plan designates the site's future land use as Mixed Use with a Neighborhood Node, both of which are furthered by the proposed intensification of the site with multi-family residential and grocery store uses. The Comp Plan also designates this site as an Opportunity Site, which via Policy LU-2 is to be redeveloped as higher-density mixed-use or employment centers, with community services that are completely absent in the surrounding area; the proposal includes higher-density mixed-use and a grocery store in what is largely a fresh food desert. The proposal also furthers Policy LU-6 by supporting a new locally owned grocery store, Policy LU-10 by providing an active first-floor use, Policies H-17 and H-31 by providing deeply affordable rental housing, and Policy H-37 by developing affordable housing in an area well-served by public transit. Additionally, the proposal furthers several policies of the Greater East Side (District 2) Plan Summary and the White Bear Avenue Small Area Plan Summary, both of which are adopted as Comp Plan addenda.

The Face-to-Face proposed project would redevelop a long-vacant site near the key commercial intersection of Arcade Street and Maryland Avenue, while creating new affordable housing and increasing the reach of critical health services available to the community. Additionally, the preliminary design of the project suggests a development that aims to provide a high-quality street presence and should enhance and utilize the assets along Arcade Street.

The following goals/policies from the Saint Paul 2040 Comprehensive Plan would be engaged by this redevelopment:

- LU-3: Prioritize equitable public investments relative to areas of concentrated poverty as defined by the Metropolitan Council.
- LU-6(3): Foster equitable and sustainable growth by growing Saint Paul's tax base in order to maintain and expand city services, amenities and infrastructure.
- LU-6(4): Foster equitable and sustainable growth by proactively directing new development to high-priority geographies, such as Neighborhood Nodes, ACP50 Areas and Opportunity Sites.
- LU-31: Invest in Neighborhood Nodes to achieve development that enables people to meet their daily needs within walking distance and improves equitable access to amenities, retail and services.
- LU-34: Provide for medium-density housing that diversifies housing options, such as townhouses, courtyard apartments, and smaller multi-family developments, compatible with the general scale of urban neighborhoods.
- LU-35: Provide for multi-family housing along arterial and collector streets, and in employment centers to facilitate walking and leverage the use of public transportation.
- H-15: Accommodate a wide variety of culturally appropriate housing types throughout the city to support residents at all stages of life and levels of ability.
- H-16: Increase housing choice across the city to support economically diverse neighborhoods by pursuing policies and practices that maximize housing and locational choices for residents of all income levels.
- H-18: Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness.
- H-31: Support the development of new affordable housing units throughout the city.
- H-37: Encourage the development of affordable housing in areas well-served by transit and/or in proximity to employment centers.

Furthermore, the proposal is consistent with the District 5 Plan (1979) and the Arcade Street Small Area Plan (2007).

Recommendation:

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2. A maximum reservation of \$2,500,000, and setting an HRA land purchase price of \$1,200,000, for the Gloryville project located at 1517 White Bear Avenue.
3. A maximum reservation of \$650,000 and HRA land purchase price of \$1.00 for the Face-to-Face project located at 1170 Arcade.

This Resolution will not constitute a binding or enforceable legal agreement; rather, the action taken herein is a reservation of commitment of holding funds and shall not become effective for each respective project until each such respective project receives its applied-for MHFA 2024 funding, and thereafter all appropriate formalities are to be followed.

Sponsored by: Councilmember Yang and Councilmember Johnson

Staff: Marie Franchett, Daniel Bayers, Hannah Chong

Attachments

- **Sources and Uses**
- **Maps**
- **Neighborhood Profiles**