

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

REPORT TO THE COMMISSIONERS

DATE: AUGUST 9, 2017

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF 69 GARFIELD STREET UNDER THE INSPIRING COMMUNITIES PROGRAM; AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT DISTRICT 9, WARD 2**

## **Requested Board Action**

The actions being requested of the HRA Board are as follows:

- Approval of the sale and conveyance of 69 Garfield Street owned by the Housing and Redevelopment Authority of the City of Saint Paul (HRA).
- Authorization to enter into development agreement with Greater Frogtown Community Development Corporation an Affiliate of NeighborWorks Home Partners in partnership with Greater Metropolitan Housing Corporation (collectively “Developer”) for the redevelopment, and authorization of expenditures.

## **Background**

In the spring of 2013, staff analyzed all property in the HRA inventory in an effort to make informed recommendations regarding the retention and disposition of properties, and create a disposition strategy and budget to advance redevelopment plans for the sites analyzed. The resulting strategy was designed to address parcels in the HRA inventory by grouping them into four different categories: Parcels with Obligations, Cluster Area Parcels, Splinter Parcels, and Buildable Lots for Sale. The Inspiring Communities Disposition Work Plan and Budget (“DWPB”) was approved by the HRA Board of Commissioners on July 24, 2013 by Resolution 13-1097. As a component of the Resolution, the Neighborhood Stabilization Program and Invest Saint Paul were rebranded as the Inspiring Communities program, which prioritizes subsidy to address two categories of the DWPB: Cluster Area Parcels and Parcels with Obligations. Goals of the Inspiring Communities program include:

- Use HRA property as a catalyst for neighborhood transformation;

- Construct on or rehabilitate lots and buildings to create a variety of housing opportunities in focused cluster areas;
- Create job opportunities for local residents, Section 3 certified businesses, minority and women-owned businesses, or small businesses; and
- Inspire innovative, sustainable design and construction methods.

Program manuals for both homeownership and rental opportunities were developed in an effort to standardize processes and requirements, and create a predictable and transparent program from the development community perspective.

In the 2016 Inspiring Communities RFP, the Developer submitted a proposal to rehabilitate the vacant house at 69 Garfield Street. HRA Staff reviewed proposals in a manner proscribed by the Inspiring Communities program design. HRA Staff determined that the Developer's proposal scored higher than any competing proposal.

The total development cost for this project is \$328,961.40. The Developer has requested a gross subsidy of \$174,961.40, which includes a \$49,900 land cost. The net cash subsidy for the project is then \$125,061.40. The Developer will sell the rehabilitated house for owner-occupied homeownership.

### **Budget Action**

No budget action is required. HRA budget actions pertaining to the DWPB have authorized an overall program spending plan with each project within the plan to be specifically approved.

### **Future Action**

NA

### **Financing Structure**

Value gap assistance will be secured with a note and mortgage at 0% interest. At the time the property is sold to a homeowner the value gap assistance loan will be forgiven. All expenditures will be reconciled and the value gap amount will be modified based on the final purchase price and actual costs incurred.

Homebuyers purchasing a home in the Inspiring Communities program are eligible for up to \$5,000 in assistance to decrease the amount of the first mortgage or to augment a down payment. The assistance is structured as a loan and is forgiven over a five-year period.

### **PED Credit Committee Review**

The Credit Committee reviewed the Homeownership and Rental Program Manuals on September 23, 2013 and September 30, 2013 respectively. The terms and conditions contained therein were recommended for approval by the Credit Committee at that time.

### **Compliance**

Development under the Inspiring Communities program will comply with all applicable requirements, which may include the following:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Inspiring Communities Affordability Covenants
6. Fair Housing Opportunities
7. Two Bid Policy
8. Saint Paul Sustainable Development Policy

### **Green/Sustainable Development**

All Inspiring Communities projects will be in compliance with the approved program development criteria, and will meet the Home Performance for ENERGY STAR or ENERGY STAR for New Homes standards, and be certified by Enterprise Green Communities.

### **Environmental Impact Disclosure**

The Tier 1 environmental review determined that all activities were either exempt or categorically excluded.

### **Historic Preservation**

This project is not located in a Historic Preservation District.

### **Public Purpose/Comprehensive Plan Conformance**

Please see the attached **Public Purpose** Form. The attached **Comprehensive Plan** includes a list of Comprehensive and Neighborhood Plan documents that the proposed actions fulfill.

### **Statement of Chairman**

“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 the West 7<sup>th</sup> / Fort Road Federation Citizen Participation District 9 by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

“Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, July 29, 2017. 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 the West 7<sup>th</sup> / Fort Road Federation Citizen Participation District 9:

#### **Property Description**

69 Garfield Street

#### **Purchaser/Developer**

Greater Frogtown Community Development Corporation an Affiliate of NeighborWorks Home Partners and Greater Metropolitan Housing Corporation

#### **Purchase Price**

\$49,900

“The above property will be conveyed for the purpose of redevelopment and sale at fair market value for the purpose of homeownership.

“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 recommends approval of the sale, entrance into development agreement and the authorization of expenditures in accordance with the attached resolution.

**Sponsored by:** Commissioner Noecker

**Staff:** Joe Musolf (651-266-6594)

**Attachments:**

- **Comprehensive Plan Conformance**
- **Project Summary**
- **Map**
- **Sources and Uses**
- **Public Purpose**
- **District 9 Profile**