

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

REPORT TO THE COMMISSIONERS

DATE: APRIL 11, 2012

**REGARDING: AUTHORIZATION TO APPROVE THE SALE AND CONVEYANCE OF
PARCEL 1776 MARYLAND AVENUE EAST, UNIT 204, HAZEL PARK
HEIGHTS CONDOMINIUM PROJECT, GREATER EAST SIDE
DISTRICT 2**

Requested Board Action

Approval of the sale and conveyance of Parcel 1776 Maryland Avenue East, Unit 204 to Kathleen B. Bechtel.

Background

The acquisition and reuse of the parcel at 1776 Maryland Avenue East was approved by City Council on July 5, 2001 to further the vision detailed in the White Bear Avenue Small Area Plan and was part of the Housing 5000 Plan.

HRA/City provided both gap assistance for the 27 unit development and a \$600,000 Guaranty to meet the pre-sale requirements to qualify for private financing and Fannie Mae mortgage underwriting. In 2008, in accordance with the HRA Guaranty, a payment of \$600,000 was made to the Lender, Anchor Bank, for the purchase of five units meeting the pre-sale requirements.

HRA has continually marketed these properties, and recently listed all the properties under the ISP/NSP marketing strategy. HRA received a purchase agreement for one of the 1-br units and approved the sale on March 28. HRA has received a purchase agreement for another one-bedroom unit. Staff has completed the underwriting and is ready to proceed with the sale of the property.

HRA continues to market the three remaining units (one 1-bdrm and two 2-bdrm units). Obtaining financing to purchase townhouse and condominium units is extremely challenging because many of the condominium buildings have had a significant number of foreclosures and as result, can no longer meet the Fannie Mae/FHA requirements.

See **Attachment B – Background on Development and Marketing Process/Procedures Homebuyer Incentive Program**) for more information on IS/NSP and other fair marketing efforts.

- 1776 Maryland Avenue East, Unit 204 appropriately zoned RM-2
- Acquisition of 1776 Maryland Avenue East under Housing 5000 Guaranty
- Parks, schools and other HRA owned property are in the vicinity related to development (See **Attachment C**)
- Wilder planning district demographic profile (See **Attachment E**)

Budget Action

No budget action is being requested.

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 is being sold based on the after-rehab appraisal and HRA costs for \$94,000. A deed conveying the property includes a restriction requiring owner-occupancy, together with the Homeowner's Association Documents. The first mortgage will be \$79,900 at 3.99% interest rate for 30 years and is due and payable upon sale of the property. HRA is carrying the first mortgage since the property does not qualify for Fannie Mae financing. In addition, HRA will allow for down payment assistance of \$14,500. Servicing will be done by US Bank which currently handles the City Living Mortgage.

PED Credit Committee Review

N/A Credit Committee review is not required in the disposition of property.

Compliance

This development complied with all the following requirements:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Fair Housing Opportunities

Green/Sustainable Development

N/A. Property was built prior to City/HRA Sustainability Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

This action supports all three strategies of the Housing Chapter of the City's Comprehensive Plan: 1) build on Saint Paul's strengths in the evolving metropolitan housing market; 2) preserve and promote established neighborhoods; and 3) ensure the availability of quality and affordable housing across the City.

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 Greater East Side District 2 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, March 17, 2012. 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 Greater East Side District 2:

Property Description	Purchaser/Developer	Purchase Price
1776 Maryland Avenue E., Unit 204	Kathleen B. Bechtel	\$ 94,000.00

The above property was purchased by the HRA and is being sold at a 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 and staff recommend approval of sale in accordance with the attached resolution.

Sponsored by: Commissioner Bostrom

Staff: Sheri Pemberton-Hoiby (651-266-6615)

Attachments:

- **Attachment A -- Resolution**
- **Attachment B -- Marketing Process and Procedures**
- **Attachment C-- Map/Address of Project and Photos**
- **Attachment D -- Public Purpose Form**
- **Attachment E -- Census Facts**