

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

REPORT TO THE COMMISSIONERS

DATE: FEBRUARY 27, 2019

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF SEVENTEEN PARCELS UNDER THE INSPIRING COMMUNITIES PROGRAM; AUTHORIZATION TO ENTER INTO DEVELOPMENT AGREEMENTS, AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT UNDER THE SAINT PAUL HOUSING AND REDEVELOPMENT AUTHORITY'S INSPIRING COMMUNITIES PROGRAM**

## **Requested Board Action**

Approval of the sale and conveyance of seventeen parcels owned by the Housing and Redevelopment Authority of the City of Saint Paul ("HRA"), authorization to enter into development agreements with 6 developers for the redevelopment of said properties, and authorization of expenditures as identified in this report under the Saint Paul HRA Disposition Work Plan and Budget's ("DWPB") Inspiring Communities program.

## **Background**

In the spring of 2013, staff from the City's Department of Planning and Economic Development 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 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.

On October 9, 2013, the Board approved, via Resolution 13-1592, key terms of the Inspiring Communities Homeowner Program Manual and Rental Program Manual, including a maximum gross subsidy cap per unit of \$150,000. On July 13, 2016, by Resolution 16-1190 the HRA Board accepted and approved a change to the maximum per-unit subsidy for the Inspiring Communities Program from \$150,000 to \$175,000 (in Wards 1, 2, 5, 6, and 7).

This current Board action request relates to the sixth Inspiring Communities Request for Proposals (“RFP”). The first Inspiring Communities RFP was released in October 2013; the second RFP was released in November 2014; the third RFP was released in August 2015; the fourth RFP was released in March 2016; and the fifth RFP was released in November 2016.

On September 20, 2018 staff released the sixth Inspiring Communities RFP to solicit proposals for 21 HRA-owned properties. The list of properties included 21 vacant lots. Proposals were due and received by November 12, 2018. Qualified responses were received from 6 developers for 17 of the 21 properties, and the applications were analyzed and ranked by staff.

Staff recommends approval of 17 proposals (See the attached **2018 RFP Award Recommendation Chart**) for redevelopment on 17 parcels. The recommended proposals will require a total net development subsidy expenditure of \$1,676,208.29. The total HRA value gap assistance on these projects, which includes property acquisition price, is \$1,942,208.29.

All recommended proposals are for homeownership.

### **Budget Action**

No budget action is required. These projects will be funded via the DWPB. HRA budget actions pertaining to the DWPB have authorized an overall program spending plan, but the HRA Board requires each specific project within the plan to be specifically approved. The total expenditure of \$1,676,208.29 is detailed in the attached **2018 RFP Award Recommendations Chart**.

### **Future Action**

Regarding the projects in this Resolution, no future action will be required. Once the HRA takes action approving the sale of the property, staff will proceed to execute development agreements and convey property.

### **Financing Structure**

Financing will be as indicated in the Homeownership Program Manual. Value gap assistance provided to awardees 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. Funds will be disbursed on a reimbursement basis at up to three points in the project schedule. The final disbursement will be at the time the property is sold to a homeowner, when all expenditures can be reconciled and the value gap amount can be modified based on the final purchase price and actual costs incurred.

Homebuyers purchasing a home with NSP investment will be eligible for up to \$5,000 in assistance toward lowering 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. Homebuyer assistance for homes with NSP funding is funded with program income generated by NSP home sales.

### **PED Credit Committee Review**

Credit Committee review is not a requirement of the sale of property. 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. NSP 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 Design Criteria, which meets both the Saint Paul Sustainable Development Policy and the Saint Paul/HRA Sustainability Initiative. All projects 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**

All projects will comply with the appropriate historic district guidelines and regulations.

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

Please see the attached **Public Purpose**. The attached **Comprehensive Plan Conformance** 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 certain Parcels of land located in Dayton’s Bluff District 4, Payne-Phalen District 5, North End District 6, Thomas-Dale / Frogtown District 7 and Fort Road / West Seventh District 9 by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“the HRA”).

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, February 16, 2019. 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 West Side District 3:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
6 George Street W	Green Affordable Homes Of Minnesota	\$17,500

The HRA proposes to convey the following property in Dayton’s Bluff District 4:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
1080 Ross Avenue	Green Affordable Homes Of Minnesota	\$17,500
981 Euclid Street	Twin Cities Habitat For Humanity (“TCHFH”)	\$13,700
996 Bush Avenue	Eden Builders	\$17,500
1077 Ross Avenue	Eden Builders	\$17,500
1087 Ross Avenue	Eden Builders	\$17,500
793 Duluth Street	Dayton’s Bluff Neighborhood Housing Services (“DBNHS”)	\$23,800

The HRA proposes to convey the following property in Payne-Phalen District 5:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
677 York Avenue	DBNHS	\$13,200
704 Desoto Street	DBNHS	\$17,400
686 York Avenue	DBNHS	\$13,200
828 Cook Avenue E	DBNHS	\$13,200

The HRA proposes to convey the following property in North End District 6:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
302 Burgess Street	John Aish Inc.	\$12,400
947 Sylvan Street	Greater Frogtown Community Development Corporation/Greater Metropolitan Housing Corporation ("GFCDC/GMHC")	\$13,400
964 Woodbridge Street	GFCDC/GMHC	\$10,700
53 Front Avenue	Eden Builders	\$11,600

The HRA proposes to convey the following property in Thomas-Dale/Frogtown District 7:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
905 Charles Avenue	GFCDC/GMHC	\$10,400

The HRA proposes to convey the following property in Fort Road / West Seventh District 9:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
376 Sturgis Street	TCHFH	\$25,500

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 sales, entrance into development agreements, and the associated expenditure authorization in accordance with the attached resolution.

**Sponsored by:** Commissioner Tolbert

**Staff:** Dionne G. Alkamooneh (651-266-6707)

**Attachments:**

- **2018 RFP Award Recommendation Chart**
- **Comprehensive Plan Conformance**
- **Public Purpose**
- **Map**