

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 22, 2022

REGARDING: AUTHORIZATION TO EXTEND THE DESIGNATION OF MWF PROPERTIES, LLC, AS TENTATIVE DEVELOPER OF 1180 AND 1186 PROSPERITY AVENUE, DISTRICT 2, WARD 6

Requested Board Action

Staff is requesting the Housing and Redevelopment Authority of the City of Saint Paul (HRA) Board of Commissioners approve the extension of the designation of MWF Properties, LLC as tentative developer of 1180 and 1186 Prosperity Avenue to July 1, 2023, in order to finalize financing, construction costs and approvals to construct an affordable housing development on the properties.

Background

The HRA acquired the 1180 Prosperity (27-29-22-22-0006) from Bruce G. & Catherine A. Odlaug and David J. & Barbara Odlaug on June 29, 2010, for \$500,000 using TIF Capital Project Fund. 1186 Prosperity (27-29-22-22-0167) was acquired from Keven Xao Yang on May 28, 2015, for \$650,000 using a Metropolitan Council Livable Communities Demonstration Account (LCDA) grant. The properties were not acquired via eminent domain.

In January 2020, HRA staff received an application from MWF Properties, LLC to purchase and develop 1180-1186 Prosperity (Phalen Village North). During the 45-day early notification system, HRA staff received an additional application from Prosperity Rose Development, LLC, a partnership between Lupe Development Partners and Paster Properties, to purchase and develop the site.

The HRA Board on June 10, 2020, by Resolution #20-839 approved the tentative developer status for MWF Properties, LLC for the Property.

To assist in the financing of their proposal, MWF Properties, LLC applied to Minnesota Housing for the State's Housing Infrastructure Bonds (HIB), First Mortgage and Bridge loans. Minnesota Housing's approval process took significantly longer than PED Staff anticipated and MWF's tentative developer status expired during this review on July 1, 2021. The HRA Resolution allows the Executive Director to extend the tentative developer status for an additional six months. On July 9, 2021, HRA Executive Director Goodman extend the tentative developer status until December 31, 2021. PED Staff was hoping to hear from Minnesota Housing by the end of the year, but their final decision did not take place until January 2022. On January 28, 2022, Minnesota Housing finally approved a first mortgage, Housing Infrastructure Bonds (HIB) and deferred loans for MWF's proposal.

MWF Properties, LLC proposes to construct a four-story building with 76 housing units and 65 total parking spaces with 46 parking spaces underground. The proposed housing will consist of 56 one-bedroom and 20 two-bedroom units. The projected rents and income restrictions are proposed to be affordable of 25 units at 30%AMI and 51 units at 50% AMI.

The property is currently zoned T2 – Traditional Neighborhood.

Budget Action

No budget action is needed at this time.

Future Action

Future possible actions by the HRA Board would include approval of a Development Agreement to include public financing and hold a public hearing to sell 1180 and 1186 Prosperity Avenue to MWF Properties, LLC.

Financing Structure

The extension of the tentative developer status will allow MWF Properties, LLC time to finalize the financing for the project to include State's Housing Infrastructure Bonds (HIB), State's First Mortgage and Bridge loans. MWF Properties, LLC will also be requesting financial assistance from the HRA to help fill any remaining financial gap. The estimated total development cost for this project is \$25,000,000. MWF Properties, LLC is willing to purchase the property from the

HRA in the amount of \$560,000. The estimated Ramsey County value for both parcels is \$491,100.

PED Credit Committee Review

PED Credit Committee will review this project prior to any future HRA Board action for financial assistance from the HRA.

Compliance

The following compliance requirements might or will apply to this project: Vendor Outreach Program, Affirmative Action, Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Two-Bid Policy, Project Labor Agreement, Living Wage, and Sustainability Policy.

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

Multifamily housing with structured parking at 1180 and 1186 Prosperity is supported by policies in the 2030 Comprehensive Plan and relevant small area plans. Future land use designations in the 2030 Comprehensive Plan are split between Mixed Use in the north and Residential Corridor in the south. The site is also part of the Phalen Village Neighborhood Center. All designations support multi-family residential as appropriate uses. In terms of development intensity, Neighborhood Centers are intended to have a residential density of approximately 30-150 units per acre, and this project is around 66 units per acre. The site is served well by transit, with routes 54 and 64 running along Maryland. Multi-family residential is supported by the following policies:

LU 1.2 Permit high density residential development in Neighborhood Centers, Mixed-Use Corridors, the Central Corridor, and Downtown.

LU 1.12 Balance the following objectives for Neighborhood Centers through the density and scale of development: accommodating growth, supporting transit use and walking, providing a range of housing types, providing housing at densities that support transit, and providing open space and recreational opportunities.

LU 1.25 Promote the development of more intensive housing on Mixed-Use Corridors where supported by zoning that permits mixed-use and multifamily residential development.

Other plans that address the site are the Greater East Side (D2) District Plan, the Phalen Corridor Development Strategy, and the Phalen Village Plan. The Greater East Side Plan promotes higher density, mixed-use development in targeted business areas, including Phalen Village (LU1b). The Northeast Corridor Development Plan anticipates new housing to support retail uses in the area. Finally, the Phalen Village Plan contains a strategy of “creating a compact commercial district that is pedestrian oriented. Strategy 1 in the “Neighborhood-Oriented Phalen Village Commercial Area” section calls for a pedestrian-oriented commercial district. There are numerous commercial uses surrounding the site and adding residential in close proximity to them increases the ability for residents to walk to nearby services.

Recommendation:

The Executive Director recommends approval of the attached resolution extending the designation of MWF Properties, LLC as tentative developer for a period ending on July 1, 2023, to allow time to meet with the community, secure financing, complete a scope of work, and finalize construction costs.

Sponsored by: Commissioner Nelsie Yang

Staff: Daniel K. Bayers, Principal Project Manager, 651-266-6685

Attachments

- **Map**
- **D2 Greater East Side Neighborhood Profile**