

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

REPORT TO THE COMMISSIONERS

DATE: MAY 10, 2023

**REGARDING: AUTHORIZATION TO DESIGNATE GLORYVILLE LLC AS
TENTATIVE DEVELOPER OF THE 1570 WHITE BEAR AVENUE
PROPERTY, DISTRICT 2, WARD 6**

Requested Board Action

Staff is requesting that the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul (“HRA”) approve the designation of GloryVille LLC, a Minnesota limited liability company (“GloryVille”), or an affiliated entity that is owned and controlled by Gloria Wong, as tentative developer of the HRA-owned property located at 1570 White Bear Avenue until June 30, 2025, in order to finalize financing, construction costs, and approvals needed to redevelop the site.

Background

The HRA-owned site at 1570 White Bear Avenue, comprised of approximately 2.18 acres, is currently vacant land but once was three separate land parcels that held a gas station, a commercial building, and the Hafner’s Bowling and Event Center.

HRA acquired the site in three transactions. The HRA acquired 1560 White Bear Avenue from East Side Hospitality Inc. on March 20, 2003, for a purchase price of \$603,000.00 (HRA Fund 117). The HRA acquired 1570 White Bear Avenue from East Side Hospitality Inc. on February 19, 2003, for a purchase price of \$171,000.00 (HRA Fund 117). The HRA acquired 1590 White Bear Avenue from Tuft Properties LLC on March 3, 2003, for a purchase price of \$450,000.00 (HRA Fund 117). In 2004 the HRA demolished the Hafner’s Bowling and Event Center and the neighboring commercial building. In August 2022, the HRA combined all three parcels into one parcel known as 1570 White Bear Avenue.

On October 5, 2022, the HRA released a Request for Proposals (RFP) for the 1570 White Bear Avenue site, bounded by White Bear Avenue on the west, E Hoyt Avenue on the south, Gary Place on the east, and E Iowa Avenue the north. The RFP's deadline for submissions was December 5, 2022, in compliance with the HRA's disposition policy. See full RFP document attached. By the deadline, the HRA received five purchase and development proposals.

In December 2022, the evaluation team carefully reviewed each proposal and selected two finalists to interview in March 2023. The proposals were evaluated against the redevelopment vision and review criteria outlined in the RFP.

The Review Criteria for the RFP included the following:

- Proposed uses; commercial space including the type and number of jobs; type and number of housing units
- Projected property tax revenue produced
- Offer price
- Experience and qualifications of developer
- Financial feasibility of the proposed project
- Compatibility with Saint Paul's 2040 Comprehensive Plan, Greater East Side District Plan and Vision, and White Bear Avenue Small Area Plan

Staff Recommendation

The evaluation team determined GloryVille's proposal to be best aligned with the review criteria and the redevelopment vision of the HRA. Key reasons include:

- The proposal provides for large number of affordable housing types, including deeply affordable units, homeless units, and family-sized units.
- The proposal provides for large number of job creation, including an estimate 40 new jobs with an average salary of \$26 per hour.
- The proposed development concept is compatible with the site and neighborhood, and includes affordable housing units, commercial space for a grocery store, outdoor public plaza, indoor community space, space for food trucks, gardens and green space.
- GloryVille's team has experience in new construction of mixed-use buildings.

- GloryVille has assembled an experienced team of development/financial/commercial consultants, architects and general contractor.
- GloryVille has a strong plan to engage the surrounding community.
- The proposal is well-aligned with many goals identified by the neighborhood community groups representing the Greater East Side.
- GloryVille purchase offer of \$1,200,000 was the highest offer received.

GloryVille proposes to construct a new mixed-use building on the site. The new building will include approximately 87 affordable housing units (9 studios, 9 one-bedroom, 45 two-bedroom, 24 three-bedroom), 25,130 square feet of commercial space and 92 surface and 63 underground parking spaces. The projected rents and income restrictions are proposed to be affordable at 25% or 22 units at 30%, 52% or 45 units at 50% AMI, and 23% or 20 units at 60% AMI. Final design and number of housing units may depend on neighborhood input and financing requirements. The proposal also includes community room, space for food trucks, outdoor gathering space, place structure and gardens.

Budget Action

N/A

Future Action

Future possible actions by the HRA Board would include approval of a Development Agreement to include public financing and holding a public hearing to sell 1570 White Bear Avenue site to GloryVille.

Financing Structure

Tentative developer status will allow GloryVille time to pursue financing for the project to include Low-Income Housing Tax Credits. Securing Low-Income Housing Tax Credits is a lengthy process, and without the tax credits, the proposed project may not be feasible. The estimated total development cost for this project is \$41,680,000. GloryVille will be requesting financial assistance from the HRA, Minnesota Housing, Metropolitan Council, Ramsey County, and other funding partners to help fill the gap. GloryVille is requesting the HRA sell the property for

\$1,200,000. Ramsey County estimate market value payable 2023 indicates the value of the property at \$1,138,200.

PED Credit Committee Review

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

Compliance

The following compliance requirements may 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 Ordinance, Sustainability Policy, Business Subsidy and Section 3.

Green/Sustainable Development

As applicable, this project will comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The 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.

Recommendation

The Executive Director recommends approval of the resolution designating GloryVille, LLC (or an entity owned and controlled by it or by Gloria Wong) as tentative developer for the 1570 White Bear Avenue site.

Sponsored by: Commissioner Yang

Staff: Daniel K. Bayers, 266-6685

Attachments

- Request for Offers
- Map
- D2 Greater East Side Neighborhood Profile