

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

REPORT TO THE COMMISSIONERS

DATE: MAY 10, 2023

REGARDING: RESOLUTION AUTHORIZING A PARTIAL WAIVER OF REQUIREMENTS OF THE SUSTAINABLE BUILDING ORDINANCE FOR PROJECTS AT 810 ATLANTIC STREET, 560 BRUNSON STREET, 729 BURR STREET, 1195 BUSH AVENUE, 695 COOK AVENUE EAST, 186 FRONT AVENUE, 231 FRONT AVENUE, 6 GEORGE STREET WEST AND 930 YORK AVENUE, DISTRICTS 3, 4, 5 AND 6, WARDS 1, 2 AND 6.

Requested Board Action

Approval of a partial waiver of the City’s Sustainable Building Ordinance for Inspiring Communities redevelopment projects at 810 Atlantic Street, 560 Brunson Street, 729 Burr Street, 1195 Bush Avenue, 695 Cook Avenue East, 186 Front Avenue, 231 Front Avenue, 6 George Street West and 930 York Avenue.

Background

On July 24, 2013, via Resolution 13-1097, the HRA Board accepted and approved the HRA Disposition Strategy and Work Plan to address the disposition of certain parcels of real property owned by the HRA and included in the Inspiring Communities program. The HRA Board has periodically approved key terms of the Inspiring Communities Program Manuals, which guide implementation of the Inspiring Communities Program. Manual key terms, clarifications and amendments have been approved on October 9, 2013 by Resolution 13-1592, July 13, 2016 by Resolution 16-1190 (which was rescinded), and July 13, 2022 by Resolution 22-1072.

In August of 2022, HRA staff released the seventh Inspiring Communities Request for Proposals (RFP), making 12 properties available for redevelopment. Proposals were received to redevelop 11 of the 12 properties with 19 total units. Due to the level of subsidy requested, 9 of the 11 project sites will be required to meet the requirements of Chapter 81 of the Saint Paul Administrative Code

(the “Sustainable Building Ordinance”). The Sustainable Building Ordinance sets forth sustainable building requirements for buildings owned, operated, or funded by the City, and authorizes the City Council and HRA Board of Commissioners to waive the requirements of the Chapter in whole or in part. The ordinance exempts renovation of under 10,000 square feet and new construction projects receiving \$200,000 or less in city funding. The vast majority of Inspiring Communities projects completed and contemplated to date have been exempt. However, due to significant increases in construction costs over the past few years, coupled with inflation and rising mortgage interest rates, the subsidy requests on Inspiring Communities projects (acquisition subsidy plus value gap subsidy) have risen sharply. As a result, HRA staff requests a partial waiver of the requirements of Chapter 81 in order to contain costs and streamline requirements for developers and general contractors.

Inspiring Communities projects will be funded via a variety of sources, including HRA Housing Trust Fund, federal Community Development Block Grant (CDBG), and Minnesota Housing’s Community Impact Funds (CHIF), and many properties were initially acquired with federal Neighborhood Stabilization Program (NSP) funds. Those projects acquired with NSP and/or funded using CHIF are subject to sustainability requirements that address elements of those in Chapter 81, but don’t reach full compliance. In an effort to clarify expectations, staff is proposing an alternative, which includes compliance with Enterprise Green Communities as modified by the Minnesota Overlay and a partial waiver of Chapter 81 requirements.

Budget Action

No budget action is being requested.

Future Action

No future action related to this request will be required. Following approval, HRA staff will proceed to bring the required approvals before the HRA Board for conveyance of property, entrance into development agreements and any other associated approvals.

Financing Structure

There are no changes proposed to the financing structure. Financing will be as indicated in the Inspiring Communities Homeownership Program Manual. Development gap assistance will be structured as a deferred loan, secured with a note and mortgage at 0% interest. Upon completion of construction and sale to an eligible buyer, the loan will be forgiven.

PED Credit Committee Review

Credit Committee review is not a requirement of this action.

Compliance

With the exception of Project Labor Agreements, for which a non-use was approved via Resolution 22-1074, and any approved waivers related to Sustainable Building Ordinance requirements, projects will comply with all applicable compliance.

Green/Sustainable Development

HRA staff propose that the projects will meet the standards set forth under the Enterprise Green Communities Criteria as modified by the Minnesota Housing Finance Agency's Minnesota Overlay (the "Minnesota Overlay"), which requires a partial waiver of Chapter 81. Following a comparative review of the requirements of Chapter 81 and the Enterprise Green Communities Criteria as modified by the Minnesota Overlay, as well as discussion with the housing team staff and PED's sustainability coordinator, staff requests waiver of certain requirements of Chapter 81. Listed below is each specific waiver request and applicable rationale.

Waiver Request 1	
Request	Waive the requirement that projects following the Enterprise Green Communities standards must be certified by Enterprise Community Partners.
Rationale	Third-party certification by Enterprise Community Partners is time consuming and increases costs. The Minnesota Overlay is more responsive to local conditions than the national criteria. Projects will meet the standards of the Enterprise Green Communities Criteria as modified by the Minnesota Overlay, which is a rigorous standard, and be subject to inspection by staff.

Waiver Request 2	
Request	Waive Requirement 1 of the Saint Paul Overlay: “Meet [the] SB 2030 Energy Standard.”
Rationale	Compliance with SB 2030 can be burdensome for 1-4 unit projects and will increase the cost of the project. ENERGY STAR Certified Homes certification is required by the Enterprise Green Communities Criteria as modified by the Minnesota Overlay.

Waiver Request 3	
Request	Waive the outdoor water use standard from Requirement 2 of the Saint Paul Overlay: “Indoor and Outdoor Water Efficiency.”
Rationale	The Enterprise Green Communities Criteria as modified by the Minnesota Overlay provides a less cumbersome means to achieve reduced water use for irrigation.

Waiver Request 4	
Request	Waive Requirement 5 of the Saint Paul Overlay: “Construction Waste Diversion.”
Rationale	The Enterprise Green Communities Criteria as modified by the Minnesota Overlay contains a similar requirement.

Waiver Request 5	
Request	Waive Requirement 6 of the Saint Paul Overlay: “Indoor Environmental Quality.”
Rationale	The Enterprise Green Communities Criteria as modified by the Minnesota Overlay contains extensive requirements accomplishing similar ends by means more appropriate to 1-4 unit housing development.

Environmental Impact Disclosure

Environmental determinations are dictated by a project’s funding source and proposed redevelopment plans. All projects will adhere to applicable environmental requirements.

Historic Preservation

All projects will adhere to applicable historic preservation requirements.

Public Purpose/Comprehensive Plan Conformance

Inspiring Communities projects meet a variety of public purposes and support several housing-related goals outlined in the City’s 2040 Comprehensive Plan. Specific policies will be identified as each property is brought before the HRA Board for project approval.

Recommendation:

The Executive Director recommends approval of the partial waiver of Chapter 81 of the Saint Paul Administrative Code as described in this Report.

Sponsored by: Commissioner Balenger

Staff: Sarah Zorn, 651-266-6570

Attachments

- **Map**