

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

REPORT TO THE COMMISSIONERS

DATE: April 9, 2014

REGARDING: **Approval of the Budget and Authorization to Implement
Rehabilitation of 688 Fourth Street, 694-696 Fourth Street and 698
Fourth Street, Dayton's Bluff, District 4, Ward 7.**

Requested Board Action

The specific action being requested of the HRA Board is approval to expend \$813,381.15 to rehabilitate 688, 694-696, and 698 Fourth Street.

Background

Work has continued for implementation of the Disposition Work Plan and Budget (DWPB). For consistency in presentation and clarity for the public, the Invest Saint Paul (ISP) and Neighborhood Stabilization Programs (NSP) have been jointly renamed to the "Inspiring Communities" program. "Inspiring Communities" was used for the marketing campaign of homes rehabilitated through NSP, and is a more accurate description of the DWBP, which consolidates the properties acquired under the NSP, ISP, and Community Development Block Grant (CDBG) programs, along with some HRA acquired property, under one strategy.

Planning and Economic Development (PED) staff analyzed all HRA-owned property to make informed recommendations regarding the retention and disposition of properties, and created a disposition strategy and budget to advance redevelopment plans for the sites analyzed. Property that was considered as part of the disposition analysis was predominantly scattered site vacant lots (no more than four contiguous lots) and buildings that cannot be developed with more than four units. This information was presented to the HRA Board, whereby the HRA Board approved the DWPB pursuant to Resolution 13-1097 on July 24, 2013.

A portion of the budget approved by the HRA Board on July 24th was intended to be used for funding projects stalled due to lack of program funding or ongoing negotiations between the HRA and a developer. The properties located at 688 Fourth Street, 694-696 Fourth, and 698

Fourth Street were included in the above mentioned budget due to a shortage of funding and ongoing preservation efforts, including selective demolition. Also, because a strategy was in place at the time of the DWPB resolution, these properties were not released through the Inspiring Communities RFP process. Pursuant to Resolution 13-1097 staff is required to return to the HRA Board for expenditure of funds for each property. Now that funds are available and firm numbers have been established through the bidding process, staff is seeking approval to use \$813,381.15 from the DWPB for the construction financing and final value gap. Approximately \$549,240.00 is expected to return to the HRA to revolve in future funding rounds.

Budget Action

No budget action is being requested. Pursuant to Resolution 13-1097, the HRA Board approved \$5,057,642 for the implementation of the DWPB.

Financing Structure

Uses

Address	Acquisition Price	Development Cost	Sales Price (estimated)	Subsidy*
688 Fourth Street	\$ 42,500.00	\$ 244,230.60	\$ 167,280.00	\$ 119,450.60
694-696 Fourth Street	\$ 18,220.00	\$ 347,816.25	\$ 219,000.00	\$ 147,036.25
698 Fourth Street	\$ 15,000.00	\$ 221,334.30	\$ 162,960.00	\$ 73,374.30
Total	\$ 75,720.00	\$ 813,381.15	\$ 549,240.00	\$ 339,861.15
	Acq + Dev Cost	\$ 889,101.15		

*Subsidy is calculated as Acquisition + Development Cost – Sales Price.

Sources

Acquisition	\$75,720.00	Already paid by NSP
Development	\$813,381.15	DW Budget
Total Sources	889,101.15	

Future Action

- Public hearings and HRA Board approval for the sale of the subject properties.

PED Credit Committee Review

Credit Committee Review is not a requirement of this action.

Compliance

Development under the Inspiring Communities program will comply with all applicable requirements, which may include the following:

- Vendor Outreach
- Section 3
- Affirmative Action
- HRA Two-Bid Policy
- NSP affordability covenants
- Fair housing opportunities

Green/Sustainable Development

All homes in the Inspiring Communities program will be certified through Enterprise or Minnesota Green Communities.

Environmental Impact Disclosure

A Tier 1 environmental impact study was conducted for the target area of NSP 1, 2, and 3, which encompasses the area of all Inspiring Communities program activities.

Historic Preservation

A 106 review is conducted at the time of acquisition for all HRA properties. The Fourth Street Preservation Project began in 2009 with Historic Saint Paul coordinating the community planning process with input from the Dayton's Bluff Urban Partnership. Phase I of the project began in 2010 with 685-687, 693 and 695 Fourth Street, and 326 Maria. Phase II began in 2013 with 688, 694-696 and 698 Fourth Street. This most recent phase was reviewed and conditionally approved by the Heritage Preservation Commission on August 8, 2013.

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.

The purchase, rehab and sale of this property supports the goal of the Inspiring Communities Program to strategically channel resources and build upon stabilization efforts in neighborhoods most impacted by vacancy and foreclosure in order to further the HRA's mission to "preserve, grow and sustain" neighborhoods.

The Disposition Strategy has been presented and received support from the District 7 Planning Council.

Recommendation:

The Executive Director recommends approval of the attached resolution authorizing the expenditure of \$813,381.15 to rehabilitate 688 Fourth Street, 694-696 Fourth, and 698 Fourth Street.

Sponsored by: Commissioner Lantry

Staff: Marty McCarthy 651-266-6552

Attachments

- **Attachment A – Resolution**
- **Attachment B – Pre-RFP List and Map**
- **Attachment C – Project Map.**
- **Attachment D – Project Summary Form**
- **Attachment E -- Sources and Uses Summary Form**
- **Attachment F -- Public Purpose Form**
- **Attachment G -- Census Facts**