

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

**REPORT TO THE COMMISSIONERS**

**DATE: MAY 14, 2014**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF EITHER 540 SHERBURNE AVENUE OR 594 EDMUND AVENUE TO TWIN CITIES HABITAT FOR HUMANITY UNDER THE INSPIRING COMMUNITIES PROGRAM; AUTHORIZATION TO WAIVE HRA LAND DISPOSITION POLICY; AUTHORIZATION TO AMEND DEVELOPMENT AGREEMENT; AUTHORIZATION TO TRANSFER PREVIOUSLY AUTHORIZED EXPENDITURES FOR REDEVELOPMENT UNDER THE SAINT PAUL HOUSING AND REDEVELOPMENT AUTHORITY'S DISPOSITION STRATEGY, DISTRICT 7, WARD 1.**

## **Requested Board Action**

Approval of the sale and conveyance of one of two HRA-owned properties to Twin Cities Habitat for Humanity ("TCHF"), waiver of the HRA disposition policy to expedite this sale, and authorization to amend the development agreement with TCHF for the redevelopment of one of the two said properties.

## **Background**

By Resolutions PH 14-26 on January 22, 2014 and PH 14-42 on February 12, 2014, HRA approved the sale and conveyance of four HRA-owned properties to TCHF, one of which was 515 Lafond Avenue. HRA also authorized subsidy gap funds to TCHF and the execution of a development agreement with TCHF for the four properties. Subsequent to these actions, HRA staff learned of possible significant changes to the land use surrounding 515 Lafond Avenue. When this information was conveyed to TCHF, TCHF agreed to relinquish its development rights to allow HRA staff and the District 7 Planning Council time to more fully study the appropriate outcome for 515 Lafond Avenue, in light of this new information.

In exchange for TCHF's agreement to relinquish its development rights to 515 Lafond Avenue, TCHF has requested that the HRA sell them a comparable lot in a timeframe that will not delay commitments they have made to their volunteer labor partners.

## **Proposed Action**

Two HRA-owned lots have been identified that are of interest to TCHF: 594 Edmund Avenue and 540 Sherburne Avenue. Staff is seeking approval to sell one or the other of the two lots; TCHF and staff will determine which lot once soils tests have been completed. (Identifying two lots now will allow for an expedited sale, as it is likely that at least one of the two sites will have suitable soil conditions for home construction.)

In order to expedite sale of one of these properties to TCHF in a timeframe that will not jeopardize their commitments to their volunteer labor partners, it is necessary to waive the HRA Land Disposition Policy, specifically the requirement of a 45-day notice to affected district councils via the Early Notification System. District 7 Planning Council is aware of the need for this waiver. It was anticipated that both of these properties would be released in an upcoming Inspiring Communities Request for Proposals in the fall of 2014, per the Inspiring Communities Disposition Strategy. TCHF's new construction of a single-family home on one of these lots is consistent with the Disposition Strategy.

### **Budget Action**

No budget action is required, as a budget for the HRA Disposition Strategy in the amount of \$5,060,642 was approved on July 24, 2013 by Resolution 13-1097, and specific expenditure approvals were made by Resolutions PH 14-26 on January 22, 2014 and PH 14-42 on February 12, 2014. The subsidy commitment for 515 Lafond Avenue will be transferred to the new lot chosen by TCHF.

### **Future Action**

No future action is required.

### **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

### **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**

These vacant lots are not located in an Historic District.

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

Please see **Attachment E** – Public Purpose Form. **Attachment H** 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 Frogtown District 7 by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA).

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, May 3, 2014. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings.

The HRA proposes to convey one of the following properties in Frogtown District 7:

<b>Property Description</b>	<b>Purchaser/Developer</b>	<b>Purchase Price</b>
594 Edmund Avenue	TC Habitat for Humanity	\$9,000
Or		
540 Sherburne Avenue	TC Habitat for Humanity	\$9,000

One of the above properties 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 sale, waiver of the HRA Land Disposition Policy and amendment of the development agreement in accordance with the attached resolution.

**Sponsored by:** Commissioner Thao

**Staff:** Joe Musolf (651-266-6594)

**Attachments:**

- **Attachment A -- Resolution**
- **Attachment B – not applicable**
- **Attachment C -- Project Summary Form**
- **Attachment D -- Sources and Uses Summary Form**
- **Attachment E -- Public Purpose Form**
- **Attachment F -- Map**
- **Attachment G -- Census Facts**
- **Attachment H – Comprehensive Plan Conformance**