

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

REPORT TO THE COMMISSIONERS

DATE: September 10, 2014

REGARDING: RESOLUTION (i) AMENDING THE REDEVELOPMENT PLAN FOR THE SAINT PAUL NEIGHBORHOOD REDEVELOPMENT PROJECT AREA, (ii) APPROVING THE ESTABLISHMENT OF THE EAST 7TH AND BATES TAX INCREMENT FINANCING DISTRICT, (iii) ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR AND (iv) APPROVING AN HRA BUDGET AMENDMENT, WARD 7, DISTRICT 4,

Requested Board Action

Authorization to approve amending the Redevelopment Plan for the Saint Paul Neighborhood Redevelopment Project Area, approving the establishment of the East Seventh and Bates Senior Housing Tax Increment Financing District, and approving the tax increment financing plan.

Background

Beginning in 2004 through 2006, HRA acquired the entire block between Bates Avenue and Maple Street which had partially been occupied by Hospital Linens. In 2005, staff worked with 7th Street Partners on a vision to develop 60 single-family homes. Unfortunately, the for-sale housing market crashed, forcing 7th Street Partners to forego development of the property. Due to the economic crisis between 2008 and mid-2012, no attempts were pursued to re-develop the site. In June of 2012, staff published a Request for Interest for the property and three developers responded. A review process comprised of PED staff, community members and Council President Lantry's office, selected Mississippi Market and Dominion to further a joint development plan for the property.

On December 11, 2013 the HRA Board approved tentative development status to Dominion. That approval acknowledged that HRA staff would return to the Board for additional approvals. The land sale to Mississippi Market will be requested at the next HRA Board meeting.

Proposal

Dominion plans to build approximately 113 units of affordable senior rental housing. The project involves a four story housing building with an underground parking garage. All of the apartments will be affordable to residents 55 years of age or older whose income does not exceed

60% of the AMI and at least ten percent (10%) will be affordable at or below fifty percent (50%) of AMI. The common amenities will include underground parking, library, community kitchen, card room, salon, fitness room, craft room, covered outdoor seating, vending machines, and full-time staff with reception desk.

Units Mix

Size	# of units	Gross Rent
1 BR	83	\$933
2 BR	7	\$1,120
2 BR	23	\$946
Total	113	

Budget Action

The HRA will adopt a budget amendment in accordance with the proposed TIF plan.

Future Action

1. Development Agreement (including land acquisition)
2. Housing Revenue Bonds
3. HOME Funds of up to \$700,000

Tax Increment Financing (TIF) District

Due to the high cost of developing affordable housing this project is feasible only through assistance, in part, from tax increment financing. The new Housing TIF Financing Plan and TIF District will be created to include the senior housing project and the proposed grocery store. Upon approval of a tax increment district, the TIF will be structured as a pay-as-you-go note for the housing project, no TIF funds would be used for the grocery store. The estimated principal amount of the TIF note is \$2,291,000.

Grants

The Project has been awarded a clean-up grant of \$ 82,720 from the Ramsey County Environmental Refund Program, In addition, the project has received a \$100,000 STAR Grant and \$100,000 STAR loan. The City (on behalf of the developer) has applied to the Metropolitan Council LCDA for a grant in the amount of \$800,000.

PED Credit Committee Review

Staff will present the financing package to PED Credit Committee for review and recommendations.

Compliance

The compliance requirements that apply to this project include Vendor Outreach, Affirmative Action, Federal Davis Bacon, Section 3, and the 2-Bid Policy and Project Labor Agreement.

Green/Sustainable Development

The new construction will comply with the Saint Paul Sustainable Development Policy. Some features include an efficient heat-pump system (the most efficient HVAC system available short of geothermal), energy star appliances and low flow plumbing fixtures.

Environmental Impact Disclosure

Extensive soil remediation work was performed; however the developer will address residual minor soil remediation on the site and obtain necessary approvals from the MPCA.

Historic Preservation

The East Seventh and Bates Senior Housing project is within the Dayton's Bluff Historic Preservation District. The Developer has submitted two preliminary reviews to the Historic Preservation Commission (HPC) will continue working with the HPC to obtain support.

Public Purpose/Comprehensive Plan Conformance

This project meets several public purpose objectives including providing high density affordable rental housing along a major transit corridor. The project conforms to the following plans:

Northeast Corridor Development Plan (NCDP)

The East Seventh and Bates Senior Housing and Mississippi Market projects address the framework of the NCDP by developing a mix of commercial and residential uses (vertical and/or horizontal) along East Seventh Street.

Housing Chapter of Comprehensive Plan

1. *Strategic housing growth*, by increasing housing choices across the city to support economically diverse neighborhoods.
2. *Meeting market demand for transit oriented housing*, by prioritizing sites within a quarter of mile of a transit route.
3. *Support the expansion of senior housing*, encourage the market to provide housing choices to seniors.

Near East Side Road Map (2012)

The Near East Side Road Map calls for: “where multiple vacant buildings or properties exist in a cluster, assemble multiple properties and create opportunities for high/medium density housing, live-work options, or small-scale commercial-industrial uses”.

Recommendation:

The Executive Director recommends to approve amending the Redevelopment Plan for the Saint Paul Neighborhood Redevelopment Project Area, approving the establishment of the East Seventh and Bates Senior Housing Tax Increment Financing District, and approving the tax increment financing plan.

Sponsored by: Commissioner Kathy Lantry

Staff: Eduardo Barrera, 651-266-6685

Attachments

- **Attachment A – Resolution, Including Budget Amendment**
- **Attachment B – TIF Plan**
- **Attachment C - Six Amendment to the Redevelopment Plan**
- **Attachment D – Map/Address of Project**
- **Attachment E -- *Project Summary Form***
- **Attachment F -- *Public Purpose Form***
- **Attachment G -- Census Facts**