

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

**REPORT TO THE COMMISSIONERS**

**DATE: SEPTEMBER 10, 2014**

**REGARDING: Resolution Approving the Budget Amendment to Allocate \$1,194,000 In Community Development Block Grant Funds to the Inspiring Communities Disposition Strategy Budget, Citywide.**

## **Requested Board Action**

Approval of budget amendment to allocate a total of \$1,194,000 in Community Development Block Grant (CDBG) funds to the Inspiring Communities Disposition Strategy Budget. The funds will be used to continue implementation of activity under the Saint Paul Housing and Redevelopment Authority's (HRA) Disposition Strategy and Work Plan, which was approved by the HRA Board on July 24, 2013 (Resolution 13-1097).

## **Background**

Planning and Economic Development (PED) staff analyzed all HRA-owned property in order to make informed recommendations regarding the retention and disposition of property, and create 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 are no more than four units. This information was presented to, and the Disposition Strategy and Work Plan (DSWP) was approved by, the HRA Board of Commissioners on July 24, 2013 via Resolution 13-1097.

Progress has been made regarding the implementation of the DSWP under the Inspiring Communities Program, and the action detailed in this report assist in maintaining this momentum. "Inspiring Communities" is currently used for the marketing campaign for homes both rehabilitated and newly constructed, and consolidates property acquired under the Invest Saint Paul (ISP), Neighborhood Stabilization Program (NSP), and Community Development Block Grant (CDBG) programs, along with some HRA acquired property, under one strategy.

Previous Board action related to Inspiring Communities includes:

- Approval of the Disposition Strategy, Work Plan, and Budget (13-1097)

- Approval of Program Manuals, and Guidelines for Disposition of Splinter Parcels (13-1592)
- Acceptance of \$840,000 from MHFA and \$200,000 from the Metropolitan Council through the 2013 CHIF RFP (14-295)
- Approval of the Property Valuation Policy, Disposition Policy and Procedure for the Sale of Vacant Lots for Market Value, and application to Minnesota Housing's Community Housing Impact Fund for \$960,000 (14-1331)

The July 24, 2013 Board action established four disposition categories: two that allocated future subsidy and two that were sales strategies. Properties eligible for subsidy were either located in cluster areas (Dayton's Bluff, Railroad Island (Payne-Phalen), Payne-Maryland (Payne-Phalen), Frogtown, and West Seventh) or had obligations for redevelopment (vacant buildings, some tax forfeit properties, some federal properties). The remaining properties were either buildable lots to be sold for market value, or splinter parcels to be sold for a nominal price. The intention of the Work Plan was to allocate properties eligible for subsidy through a competitive RFP process as funding sources became available.

The first RFP was released on October 15, 2013. Seventy-seven properties were released and an estimated \$2.89 million in value gap subsidy was made available along with an acknowledgement that there were more properties than subsidy available. As a result of the RFP, the HRA is working with 9 development teams to rehabilitate or build 27 homes using \$2.5 million in subsidy. The 2014 RFP will be managed in much the same way. Approximately 60 vacant structures and lots will be released along with an estimated \$2.5 million in value gap subsidy. Available subsidy will consist of funds awarded through MHFA's CHIF, CDBG funds noted in this action, and any unspent funds from the 2013 RFP.

To date 74 of the original 240 Disposition Strategy parcels have been completed or are currently underway. In addition to the 65 parcels that will be released through the RFP process, 51 parcels will be offered for sale through the Disposition Policy and Procedure for Sale of Vacant Lots for Market Value (RES 14-1331), 14 parcels are to be a part of a larger site assembly, and the remaining 36 parcels consist of a combination of splinter parcels that will be addressed through

the Disposition of Splinter Parcels procedure (13-1592) and property that requires additional evaluation or may be appropriate for five or more units of housing.

### **Budget Action**

Approval of a budget amendment to allocate \$69,000 and \$1,125,000 of CDBG funds from the HRA's 2013 and 2014 appropriation respectively into the Disposition Strategy Budget (**Attachment B**).

### **Future Action**

- Public hearings and HRA Board approval for the sale of property.
- Authorization to accept funds awarded by MHFA.

### **Financing Structure**

Financing structures will remain as approved under previous HRA actions.

### **PED Credit Committee Review**

Credit committee review is not a requirement of this action.

### **Compliance**

Typical requirements that apply to projects receiving subsidy include:

- Vendor Outreach
- Affirmative Action
- Section 3/Vicinity Hiring
- HRA Sustainability Policy
- Two Bid Policy

Additional funding-imposed compliance requirements will be identified as the source for each project is identified.

### **Green/Sustainable Development**

The Sustainable Development Policy does not apply to the requested action.

**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.

**Public Purpose/Comprehensive Plan Conformance**

**Attachment C** includes a list of comprehensive and neighborhood plan documents that the proposed action will assist in fulfilling.

The Disposition Strategy has been presented to the planning councils most affected by the disposition strategy - the District 5 CPED and Railroad Island committees, District 4 Board, and District 7 Board - and received their support.

**Recommendation:**

The Executive Director recommends approval of this board action.

**Sponsored by:** Commissioner Brendmoen

**Staff:** Sarah Zorn, 651-266-6570

**Attachments:**

- **Attachment A – Resolution**
- **Attachment B – Budget Amendment**
- **Attachment C – Comprehensive Plan Applicability**