

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

REPORT TO THE COMMISSIONERS

DATE: January 28, 2015

REGARDING: **Authorization to Approve the Sale and Conveyance of the Parcel located at 846 University Avenue, and Authorization to Approve the Expenditures for 846 University Rehabilitation, under the Inspiring Communities Program, Summit-University, District 8, Ward 1.**

Requested Board Action

The specific actions being requested of the HRA Board are as follows:

- Approve the sale and conveyance of property at 846 University.
- Approve the expenditures for the rehabilitation of the property at 846 University.

Background

Implementation of the Disposition Work Plan and Budget (DWPB) is now well underway. A portion of the budget approved by the HRA Board on July 24, 2013 was intended to be used to fund projects stalled due to lack of program funding or ongoing negotiations between the HRA and a developer. The 846 University project was included in the above mentioned budget due to a shortage of funding. Since a strategy was in place when the DWPB resolution was adopted, this property was 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.

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 on July 24, 2013.

Financing Structure

The total development cost for this project is \$386,682.97. GFCDC will receive \$211,682.97 of subsidy funded by the DWPB and \$30,961.61 of subsidy in the form of a land write-down. The loans for the acquisition and gap will be deferred loans, at 0% interest and will be forgiven at the

time of closing between GFCDC and a qualified home buyer. GFCDC will be providing construction financing from GFCDC internal sources and from a bank loan in the amount of \$140,000.

Figure 1 - Sources and Uses of Funds

Address:	846 University	
Description:	Rehab	
Total Acquisition Costs	\$30,961.61	
Total Construction Costs	\$263,406.00	
Total Soft Costs	\$60,204.36	
Developer's Fee	\$32,111.00	Cap 10% of Total Construction + Soft Costs, (Acquisition Costs not included)
TOTAL DEVELOPMENT COSTS	\$386,682.97	Total of Acquisition, Construction Costs, Soft Costs, and Developer Fee
Sale Price	\$175,000.00	
Projected Value Gap	\$211,682.97	
Permanent Financing		
First Mortgage	\$175,000.00	Buyer's first mortgage
HRA Value Gap Assistance	\$211,682.97	
Total	\$386,682.97	Permanent Financing Total must equal TDC

PED Credit Committee Review

Credit Committee Review is not a requirement of this action.

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Building Policy.

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 was conducted at the time of acquisition for all HRA properties.

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, construction of a duplex 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.

Statement of Chairman (for Public Hearing)

"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 a Parcel of land located on 846 University Ave 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 Sunday, January 18, 2015. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings.

The HRA proposes to convey the following property in the **Summit-university** area:

Property Description	Purchaser/Developer	Purchase Price
846 University	Greater Frogtown CDC	\$30,962

The property will be conveyed for development as duplex for sale to a purchaser who will occupy one unit and whose income is up to 120% of area median income.

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 and staff recommend approval of this sale and expenditure of funds in accordance with the attached resolution.

Sponsored by: Commissioner Thao

Staff: Jules Atangana 266-6552

Attachments

- **Attachment A -- Resolution**
- **Attachment B -- Background**
- **Attachment C -- Map/Address of Project**
- **Attachment D -- Project Summary Form**
- **Attachment E -- Sources and Uses Summary Form**
- **Attachment F -- Public Purpose Form**
- **Attachment G -- Census Facts**