

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

REPORT TO THE COMMISSIONERS

DATE: April 8, 2015

**REGARDING: AUTHORIZATION TO DESIGNATE TWIN CITIES HABITAT FOR HUMANITY
AS TENTATIVE DEVELOPER OF WILLOW RESERVE AT 389 AND 425 WEST
MARYLAND AVENUE, WARD 5, DISTRICT 6**

Requested Board Action

Staff is requesting the HRA Board of Commissioners approve designation of Twin Cities Habitat for Humanity as tentative developer of the Willow Reserve property located at 389-425 West Maryland Avenue from April 8, 2015 to December 31, 2016 in order to finalize financing, construction costs and approvals necessary to develop the property as single family housing.

Background

On August 20, 2005, the HRA Board approved a loan to SPARC to assist in the purchase of the Larson Greenhouse site located at 389-425 West Maryland Avenue. SPARC acquired the property in 2005 for the development of 36 for-sale townhomes. Acquisition of the property was financed by \$600,000 in HRA financing consisting of a 0% Community Development Block Grant (CDBG) loan in the amount of \$276,375 and a 0% HRA Fund 117 loan in the amount of \$323,625; the Greater Metropolitan Housing Corporation (GMHC) also provided a \$650,000 loan for acquisition. Because of the downturn in the housing market shortly after SPARC's acquisition of the property, construction of the townhome project never occurred. PED amended the HRA loan three times up to March 1, 2012 to allow SPARC additional time to develop the property.

In 2011, SPARC stopped paying the property taxes and were delinquent through the first half of 2013. Because of lack of progress with the redevelopment of the property, the property tax delinquency, and the CDBG development requirements, the HRA Executive Director proceeded with a "Deed in Lieu of Foreclosure" to gain control of the property and pursue other development strategies. The Housing and Redevelopment Authority of the City of Saint Paul (HRA) acquired the deed to the property from SPARC in lieu of foreclosure in May 2013.

In August 2013, PED staff issued a Request for Interest (RFI) for the property with concepts due in September 2013 at the direction of Council Member Amy Brendmoen and a community-based steering committee. Three ideas were received by three developers and all three were invited to develop detailed proposals for the site along with financial proforma by the end of November 2013. Two entities, PAK Properties and Common Bond communities, chose to move forward and submit full proposals. Both proposals were for low income housing tax credit multifamily rental housing developments and were presented to the community in January and February 2014. The community did not fully embrace either proposal and by March 2014 PED staff was directed to explore an owner-occupied housing concept for the site.

In August 2014, Twin Cities Habitat for Humanity was approached and agreed to explore owner-occupied housing at the site. A preliminary owner-occupied townhome concept was presented to the community in October 2014. After community input, Habitat presented a new concept for 12 single-family homes for the site in January 2015 and received district council support for the concept. As a result of the community engagement, PED feels confident in moving forward with a recommendation to grant tentative developer status to Habitat.

Property Information

The property consists of two parcels and comprises 2.9 acres with 210 feet of street frontage on Arundel and 542 feet of street frontage on West Maryland Avenue. The back side of the property to the north abuts the Willow Reserve wetland area. The zoning for 389 West Maryland is RM2 – Multiple Family Residential; the zoning for 425 West Maryland is B3 – General Business District. PED is moving ahead with an application to rezone 425 West Maryland to RM2 prior to development.

Other Information

- Project Map with parks and schools within ¼ mile of development is located in **Attachment B**.
- A detailed *Project Summary Form* is located in **Attachment C**.
- Census Facts district demographic profile is located in **Attachment E**.

Budget Action

No budget action is needed at this time.

Future Action

Future possible actions by the HRA board would include approval of a development agreement with Twin Cities Habitat for Humanity, gap financing for the development and holding a public hearing to sell 389-425 West Maryland Avenue to Twin Cities Habitat for Humanity.

Financing Structure

A financing plan has not yet been finalized at this time. The sales prices are proposed to be affordable at a level between 30% of 60% area median income (AMI).

Compliance

The project is expected to request City funding for development of the site and the original source of funds used to acquire the property were federal Community Development Block Grant funds so compliance requirements for Section 3, Vendor Outreach, Affirmative Action, Federal Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Two-Bid Policy, and Sustainability Policy will apply. The Living Wage ordinance, Business Subsidy, and Project Labor Agreement compliance is not required.

Green/Sustainable Development

The project is required to comply with the City's Sustainability Development Policy because the project is new construction.

Environmental Impact Disclosure

N/A

Historic Preservation

The property is vacant and is not historic.

Public Purpose/Comprehensive Plan Conformance

This development will return vacant, publicly-owned property back to the tax rolls and increase affordable ownership options for the neighborhood by creating 12 affordable, single-family homes. Development of the site requires that it meet a HUD national objective under the CDBG program. Development of housing at the site would fulfill the national objective requirement. The *Public Purpose Form* is attached as **Attachment D**.

Saint Paul Comprehensive Plan

Housing

Strategy 1: Build upon Saint Paul's Strengths in the Evolving Metropolitan Housing Market

1.1 Increase housing choices across the city to support economically diverse neighborhoods.

Strategy 3: Ensure the Availability of Affordable Housing Across the City.

Recommendation:

The Executive Director recommends approval of the attached resolution designating Twin Cities Habitat for Humanity as tentative developer for a period commencing on April 8, 2015 and ending December 31, 2016 to allow Habitat time to secure financing, complete a scope of work and finalize construction costs.

Sponsored by: Commissioner Amy Brendmoen

Staff: Jennifer Jordan, Project Manager, 651-266-6598

Attachments

- **Attachment A -- Resolution**
- **Attachment B -- Map/Address of Project**
- **Attachment C -- *Project Summary Form***
- **Attachment D -- *Public Purpose Form***
- **Attachment E -- Census Facts**