

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

REPORT TO THE COMMISSIONERS

DATE: April 22, 2015

**REGARDING: AUTHORIZING EXTENSION OF A TENTATIVE DEVELOPER STATUS
AGREEMENT FOR NEIGHBORHOOD DEVELOPMENT ALLIANCE, INC FOR
PROPERTY AT 72 CESAR CHAVEZ STREET IN DISTRICT 3, WARD 2**

Requested Board Action

To request the Housing and Redevelopment Authority Board of Commissioners to consider extending Neighborhood Development Alliance (NeDA) as Tentative Developer for an additional three year period to finalize a proposal for the purchase and construction of a mixed-use, mixed-income development on the HRA-owned parcel 72 Cesar Chavez Street with certain conditions detailed in this report.

Background

The Riverview Economic Development Association (REDA), in partnership with Wellington Management, received \$300,000 in gap financing for the redevelopment of the then-REDA-owned Commercial Club site, located at 72 Cesar Chavez Street. REDA razed the existing Commercial Club structure, which had stood vacant for over two decades, acquired two adjacent sites owned by Wilder and Allina, and planned to build a 10,000 sq. ft. one story commercial building to be used as a grocery and deli by Holy Land. The Holy Land project fell through in 2010 and the site has remained vacant since then. Also at that time, the HRA bought out REDA's existing mortgage from US Bank. Since then, NeDA has assumed the assets and liabilities of REDA (through the creation of REDA LLC) and with previous board action, the mortgage between the HRA and REDA was written off.

In March 2013, the HRA approved tentative developer status for NeDA. Language in the resolution and board report was not consistent, and the status was only granted for 365 days, rather than the requested three-year period.

The HRA received a request from NeDA to extend tentative developer status for an additional three year period for 72 Cesar Chavez Street. This will facilitate the project, which received a \$550,000 LCDA grant from the Metropolitan Council in 2014. NeDA is seeking to introduce mixed-income rental and a first-floor commercial space at 72 Cesar Chavez.

Financing Structure

The estimated overall development cost for 72 Cesar Chavez Street is estimated between \$8.5M and \$11M. Any future funding requests will require HRA Board approval.

During the tentative developer period, the NeDA will need to complete the following conditions:

1. A final and HRA approved scope of work must be completed
2. Receive all approvals for zoning, licenses and any other required City or State approvals required for the Project.
3. Negotiate final terms and conditions of a Development Agreement which will include compliance requirements, details of the bidding process and sworn construction cost statement from their selected contractor.

Disposition Policy

Upon receiving the NeDA's proposal, staff, according to the City/HRA Disposition Policy, entered this request on the City web page for public notification and to request further proposals for this property. The request for additional proposals was on the City's web page from April 20, 2011 to June 26, 2011. No other request was submitted for this property during that time and no other inquiries have been made since that time.

Budget Action

N/A

PED Credit Committee Review

Credit Committee recommended approval for tentative developer status for NeDA.

Compliance

The Applicant has signed the 1st compliance letter regarding this project. The project will comply with the following programs and/or requirements: Affirmative Action, Vendor Outreach Program, Federal Labor Standards, Section 3, Project Labor Agreement, Limited English

Proficiency and Two Bid Policy. This project is exempt from the Business Subsidy requirement based on the small business exemption.

Green/Sustainable Development

The project will comply with the Saint Paul/HRA Sustainability Initiative

Environmental Impact Disclosure

N/A

Historic Preservation

The project does not need to be reviewed by either HPC PED staff or the HPC Commission.

Public Purpose

The following public purpose will be met:

- It will bring a mix of housing for the neighborhood.
- It will provide badly needed impetus for continued revitalization of an important node in the District del Sol commercial corridor.

Recommendation:

The Executive Director recommends approval of the attached resolution.

Sponsored by: Commissioner Thune

Staff: Jake Reilly (266-6618)

Attachments

- **Attachment A** -- Resolution
- **Attachment B** -- Map and Address of site