

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

REPORT TO THE COMMISSIONERS

DATE: April 22, 2015

REGARDING: APPROVAL OF A FORGIVABLE LOAN FROM THE NEIGHBORHOOD COMMERCIAL PARKING PROGRAM TO THE OROMO CENTER OF MINNESOTA AT 465 MACKUBIN STREET. (DISTRICT 8, WARD 1)

Requested Board Action

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

Increasing the approved amount of a forgivable loan by \$40,000, from \$200,000 to up to \$240,000 for the Oromo Community of Minnesota, Inc. as requested in the Resolution which is referenced as **Attachment A**.

Background

On July 23, 2014, the HRA approved a Forgivable Loan from the Neighborhood Commercial Parking Program to the Oromo Center of Minnesota at 465 Mackubin Street, District 8, Ward 1 for an amount up to \$200,000.

On April 1, 2015, the contractors' bids came back over \$200,000. There has been an increase in construction costs in the year or so since this project was first conceived. In addition, the costs of construction management and construction contingencies need to be included in the project. The total increase is \$40,000.

Two Parking Program projects in Ward 1, 389 University and 393-397 University, never moved forward. The funding allocations for these two projects totals \$50,000. PED staff recommends spending the money on projects that are ready to go.

The Oromo Center is the site of community gatherings, youth programs, and community meals. The Center serves many of the over 40,000 Oromo in Minnesota.

The neighborhood would benefit from the investment. When there is a major gathering at the Center, cars are parked on the streets for many blocks from the site. In addition, the Oromo

community center serves as a buffer between the commercial land uses of University Avenue and the residential uses along Aurora Avenue.

The investment in the community center goes beyond land use. The Oromo Center also helps to connect newer community members with the region's economy.

The background of this project and the Neighborhood Commercial Parking Pilot Program also includes the following:

- **Program need and authorization:** The Parking Program was approved by the HRA on August 12, 2009, by Resolution 09-08/12 to help mitigate the loss of 85% of the parking on University Avenue due to light rail development and to minimize the disruption and relocation of businesses in the Central Corridor. The HRA approved additional funding by Resolution 10-3/10 on March 10, 2010.
- **First round of projects:** On June 23, 2010, by Resolution 10-06/23-9 the HRA approved funding from the Parking Program for 24 projects in the Central Corridor, most of which have been completed.
- **Second round of applications:** With some funding remaining, the Parking Program solicited a second round of applications in the spring of 2013. The Oromo Community of Minnesota, which has a big lot but no off-street parking, submitted an application by the May 17, 2013 deadline, and was recommended by the Parking Program Review Committee as one of the projects to fund.
- **Oromo Center Project:** The Oromo are a distinct ethnic group inhabiting parts of Ethiopia, Kenya, and Somalia in East Africa. The Oromo Community of Minnesota, Inc. (OCM) is a nonprofit 501 (c) (3) association that is not affiliated with any mosque or church. It provides services to help the Oromo community become self-sufficient and preserve and promote the Oromo culture in Minnesota. With the loss of parking due to development of the Green Line, they seek to develop a parking lot on their property in the

block behind the northwest corner of Aurora and Mackubin Streets in the Frogtown neighborhood of Saint Paul, a project which is estimated to cost up to \$240,000.

- **Need to waive the guidelines:** The Parking Program Guidelines (adopted by the HRA by Resolution No. 09-08/12 on August 12, 2009) restricted the maximum forgivable loan to \$25,000 per project unless the parking was shared. In this case, sharing the parking has not proven to be possible. Since this project is in one of the Critical Areas that was identified as especially impacted by the loss of parking on University Avenue, and because it would develop approximately 30 entirely new parking spaces which will benefit the entire area by reducing demand for parking on adjacent streets, it is recommended that the sharing requirement in the Parking Program Guidelines be waived in this instance.
- **Other background information:** The project is consistent with the zoning for the property, which is T2 (Traditional Neighborhood). Because it is within a quarter mile of an LRT station, there are no parking requirements in the Zoning Code for the Oromo Community. No additional City or HRA approvals are required. No existing businesses will be displaced or relocated. No acquisition by eminent domain is involved. A map of the project is attached as **Attachment B**.

Budget Action

N/A

Future Action

N/A

Financing Structure

The source of funds from the Parking Program is the Snelling University Tax Increment Financing District (the CCLRT Betterments). The loan will be forgiven over a 10 year period, provided the parking lot is maintained. See the Project Summary Form and the Sources and Uses Form included as **Attachments C and D**.

PED Credit Committee Review

The PED Credit Committee reviewed the loan at their meeting on July 21, 2014, and rated the loan “forgivable.”

Compliance

The following compliance requirements apply to this project: Vendor Outreach, Two-Bid Policy, Affirmative Action, and Little Davis Bacon.

Green/Sustainable Development

The project will comply with the site plan review requirements for parking lots (including the stormwater management and landscaping requirements) and the Saint Paul/HRA Sustainability Initiative.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The primary purpose for this project is to retain local businesses, and the secondary purpose is to support commercial activity, as detailed in **Attachment E**. The project conforms with the Dale Street Station Area Plan, a chapter of the City’s Comprehensive Plan, adopted by the City Council in October of 2008, which supported accommodating parking associated with existing businesses and improving access to surface lots from side streets.

Recommendation:

The Executive Director recommends approval of increasing the forgivable loan by \$40,000, from \$200,000 to up to \$240,000, from the Neighborhood Commercial Parking Program for the Oromo Community of Minnesota parking project.

Sponsored by: Commissioner Dai Thao

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Staff: Ross Currier, 66611

Attachments

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