

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

REPORT TO THE COMMISSIONERS

DATE: MAY 13, 2015

REGARDING: Authorization to Execute a Tentative Developer Status for Design Lab Properties, LLC for the 1192 East 7th Street, District 4, Ward 6.

Requested Board Action

Approval of Design Lab Properties, LLC (the “Developer”) as Tentative Developer for a 180 day period, to finalize a proposal for the purchase and construction of a commercial building on the HRA-owned parcel located at 1192 East 7th Street with certain conditions detailed in this report.

Background

Properties

The HRA acquired the vacant parcel located at 1192 East 7th Street (the “Property”) using the ISP Parking Program Improvement and Implementation Fund (Fund 118) on July 15, 2008. The Property was acquired for \$45,000 from DLJ Mortgage Capital. The duplex that was on the site at the time of acquisition was demolished in 2011 at a cost of \$11,800. The Property measures approximately 45 feet by 117 feet, for a total area of 5,265 square feet, and is zoned T2 (Traditional Neighborhood District). Staff is not aware of any pollution on the site, which will be sold “as is”.

Proposal

On January 20, 2015, the HRA received a request from the Design Lab Properties, LLC (Chuck Hanna, Sole Member) to purchase 1192 East 7th Street. The Developer currently owns the adjacent property and building at 1196 East 7th Street, including the business that is located in this building (Outdoor Lab Landscape Design, Inc.). The Developer proposes to combine the two properties and construct a new office building, connected to their existing building which will be converted into a workshop (the “Project”).

Financing Structure

The purchase offer is in the amount of \$10,400. This is the estimated market value based on the Ramsey County tax records. The Developer is indicating that he will pay this sale price at the time of closing. No financing of the acquisition is being requested.

The overall development cost for the Project is estimated at \$642,000 and outlined in **Attachment C** - Project Summary Form, and **Attachment D** – Sources and Uses Summary Funds Form.

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

1. Within 90 days, complete a formal scope of work with plans and specifications to include a site plan, incorporating Green/Sustainable Development guidelines, with exterior treatments/materials for review by HRA and suitable for submission to the Department of Safety and Inspections to obtain the proper building permits.
2. Within 90 days, submit evidence of availability of construction financing for review by HRA staff for acceptability.
3. Within 120 days, Finalize a detailed development budget and business plan for approval by the HRA staff.
4. Within 120 days, an HRA-approved scope of work must be completed.
5. Within 180 days, receive all approvals for zoning, licenses and any other required City or State approvals required for the Project.
6. Within 180 days, Negotiate final terms and conditions of a development agreement which will include review of all compliance requirements, details of the bidding process, and sworn construction cost statement from their selected contractor for the Project.

Disposition Policy

Upon receiving the Developer's proposal, PED 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 entered on the Early Notification System for public notification on January 21, 2015, and was on the City's web page from January 23, 2015 to March 9, 2015. No other proposals were submitted for this property during that time.

Budget Action

No Budget Action will be necessary at this time.

Future Action

Public hearing to allow the HRA to sell 1192 East 7th Street and enter into a Development Agreement with Design Lab Properties, LLC.

PED Credit Committee Review

N/A

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, Local Labor Standards, and Two Bid Policy. This project is exempt from the Business Subsidy 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

N/A

Public Purpose

The following public purposes will be met:

1. Re-use of a vacant commercial parcel on East 7th Street.

2. This project will expand a local business, generate private investment and support commercial activities.

The following details how this project is consistent with the Land Use Chapter of the Comprehensive Plan:

E 7th is designated as a Mixed-Use Corridor, to which the following objectives apply:

- Strategy 1.21: Accommodating growth, supporting transit use and walking, providing a range of housing types, and providing housing at densities that support transit.
- Strategy 1.24: Support a mix of uses on Mixed-Use Corridors
- Strategy 1.24: Promote the development of more intensive housing on Mixed-Use Corridors where supported by zoning that permits mixed-use and multi-family residential development.
- Strategy 1.42: Promote the development of housing in mixed-use neighborhoods that supports walking and the use of public transportation.

Recommendation:

The Executive Director recommends the HRA Board approve the attached resolution which:

1. Approves Design Lab Properties, LLC as Tentative Developer for 1192 East 7th Street for a period of 180 days.
2. Authorizes the Executive Director to finalize the conditions of the Tentative Development Agreement.

Sponsored by: Commissioner Bostrom

Staff: Daniel K. Bayers, (266-6685)

Attachments

- **Attachment B** – Map, Picture and Address of Project
- **Attachment C** – Project Summary
- **Attachment D** – Sources and Uses Summary
- **Attachment E** – Public Purpose

- **Attachment F** – District 4 Profile