

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

REPORT TO THE COMMISSIONERS

DATE: May 27, 2015

REGARDING: Public Hearing and Resolution Authorizing and Approving: 1) The Sale of HRA Parcels to Wells Parking, LLC for the Purchase Price of \$50,000; 2) Approval of HRA Land Sale Loan of \$50,000 to Assist in the Purchase of the Property; 3) Approval of a Development Agreement with the Wells Parking, LLC; and 4) Authorizing the Executive Director to Finalize the Loan and Land Sale Documents for Execution by the Appropriate HRA Officers in Connection with the 619, 621, 623 and 627 Wells Street Project, District 5, Ward 6

Requested Board Action

The HRA Board is requested to approve the following:

1. The sale of HRA parcels to Wells Parking, LLC for the purchase price of \$50,000.
2. Approval of a \$50,000 loan to Wells Parking, LLC to assist in the purchase of the property.
3. Approval of a Development Agreement with Wells Parking, LLC.
4. Authorizing the Executive Director to finalize the loan and land sale documents for execution by the appropriate HRA Officers.

Background

Property

The HRA acquired the vacant parcel located at 619 Wells Street using the ISP Parking Program Improvement and Implementation Fund (Fund 118) on April 26, 2013. The property was acquired for \$1,500 from Ramsey County through the tax forfeiture process. The site measures approximately 20 feet by 125 feet, for a total area of 2,500 square feet and is zoned R-4 (Single Family Residential District). Staff is not aware of any pollution on the site, which will be sold “as is”.

The HRA acquired the vacant parcel located at 621 Wells Street on January 14, 2000. The property was acquired for \$0 from Ramsey County through the tax forfeiture process. The site measures approximately 20 feet by 125 feet, for a total area of 2,500 square feet and is zoned R-4

(Single Family Residential District). Staff is not aware of any pollution on the site, which will be sold “as is”.

The HRA acquired the vacant parcel located at 623 Wells Street using ISP Parking Program Improvement and Implementation Fund (Fund 118) in December 2013. The property was acquired for \$3,851.90 from Ramsey County through the tax forfeiture process. The site measures approximately 40 feet by 125 feet, for a total area of 5,000 square feet and is zoned R-4 (Single Family Residential District). Staff is not aware of any pollution on the site, which will be sold “as is”.

The HRA acquired the vacant parcel located at 627 Wells Street using CDBG (Fund 100) on March 11, 2011. The property was acquired for \$2,213 from Ramsey County through the tax forfeiture process. The site measures approximately 40 feet by 125 feet, for a total area of 5,000 square feet and is zoned R-4 (Single Family Residential District). Staff is not aware of any pollution on the site, which will be sold “as is”.

Proposal

On December 30, 2013, the HRA received a request from Payne Avenue Guild, LLC (Raul Martin, Sole Member) to purchase 619, 621, 623 & 627 Wells Street (the “Property”). On April 23, 2014, via HRA Resolution #14-708, the HRA Board approved Payne Avenue Guild, LLC as tentative developer for the Property. Mr. Martin created a new Minnesota Limited Liability Company, called Wells Parking, LLC, that he would like to have own the Property, and Payne Avenue Guild, LLC has assigned its tentative developer status to Wells Parking, LLC. Wells Parking, LLC (the “Developer”) plans to construct a 31-car parking lot on the site (the “Project”) to be used by the business located at 861 Payne Avenue (Bymore Grocery) and other Payne Avenue businesses. The Property was rezoned from R-4 (Single Family Residential District) to T2 (Traditional District) for the proposed development.

Disposition Policy

Upon receiving the Payne Avenue Guild, LLC’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 the Property. The request for additional proposals was on the City's web page from December 30, 2013 to February 15, 2014. On December 30, 2013, staff entered this request on the early notification system for public notification. No other proposals were submitted for the Property during that time.

See **Attachment F** for a demographic profile of Payne/Phalen - District 5, the Saint Paul planning district in which the Property is located. No existing businesses will be displaced or relocated as a result of this project, and there was no land acquisition that took place as a result of eminent domain.

Budget Action

No budget action required. The acquisition funds were previously approved.

Future Action

No further action will be required from the HRA Board.

Financing Structure

The Developer has submitted a request to purchase the Property for \$50,000, which the HRA acquired for \$7,565. The HRA Executive Director is recommending that the HRA sell the Property to the Developer for \$50,000. The Executive Director also recommends that the HRA provide a \$50,000 land-sale loan to the Developer to pay for the acquisition of the Property, and that the loan terms be 20 years, at 0% simple interest with payment and interest deferred for ten years (the "Loan"). A 1% origination fee (\$500) will be charged, and the Loan will have a first position lien on the Property. A development agreement will provide the terms and conditions of this transaction. The estimated total development cost for the Project is \$325,700.

Summary of Estimated Sources and Uses for the Project is shown on **Attachment D**.

PED Credit Committee Review

On May 4, 2015, the PED Credit Committee reviewed the Project, recommended approval of terms for the Loan, and risk-rated the Loan Vulnerable.

Compliance

The Applicant has signed the 1st and 2nd compliance letters regarding the Project. The Project will comply with the following programs and/or requirements: Vendor Outreach Program, Affirmative Action, Federal Labor Standards, Sustainable Green Policy, Section 3, Limited English Proficiency, and Two Bid Policy. The Project is exempt from the following: Business Subsidy based on the small business exemption; Living Wage based on the number of employees; and Project Labor Agreement based on the amount of assistance.

Green/Sustainable Development

The Project will comply with the Saint Paul/HRA Sustainability Initiative (storm water ponding requirements).

Environmental Impact Disclosure

N/A

Historic Preservation

HUD 106 historic review completed and approved.

Public Purpose

The following public purposes will be met:

1. Construction of an off-street parking lot to assist businesses on Payne Avenue.
2. This project will generate private investment and support commercial activities.

The following details how this project is consistent with the Comprehensive Plan and other plans:

- East Consolidated Small Area Plan adopted 1993: Policy #20 requires, in part, parking at the rear or side of commercial buildings with landscaping to buffer the sidewalk and adjacent residential uses.
- Comprehensive Plan adopted 2010: Policy #1.50 of the Land Use Chapter encourages the City's effort to assist redevelopment of existing buildings that are no longer considered functional, to accommodate viable retail and businesses.

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 certain Parcel of land located in District 5 (Payne/Phalen) 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 May 16, 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 District 5 (Payne Phalen):

Property Description	Purchaser/Developer	Purchase Price
619, 621, 623 and 627 Wells Street	Wells Parking, LLC	\$50,000

Legal description

Lots 26, 27 and 28, Block 35; Chas. Weide's Subdivision of Block 35 of Arlington Hills Addition to St. Paul, Ramsey County, Minnesota.

The property will be conveyed for development of an off-street parking lot. 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 recommends approval of the attached resolution which approves the following actions:

1. The sale of HRA parcel to Wells Parking, LLC for the purchase price of \$50,000.
2. Approval of HRA Land Sale Loan of \$50,000 to assist in the purchase of the Property.
3. Approval of a Development Agreement with Wells Parking, LLC.
4. Authorizing the Executive Director to finalize the loan and land sale documents for execution by the appropriate HRA officers.

Sponsored by: Commissioner Bostrom

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

Attachments

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