

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

**REPORT TO THE COMMISSIONERS**

**DATE: June 22, 2016**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE CONTINGENT: (A) SALE AND CONVEYANCE OF 830, 840 AND 940 SELBY AVENUE, SAINT PAUL, MN TO RONDO COMMUNITY LAND TRUST AND COMMUNITY HOUSING DEVELOPMENT CORPORATION, AND (B) COMMITMENT OF HOME FUNDS, CDBG FUNDS AND NET LAND SALES PROCEEDS (DISTRICT 8, WARD 1)**

## **Requested Board Action**

Request the Saint Paul Housing and Redevelopment Authority (HRA) Board of Commissioners to authorize the approval of the sale of HRA-owned property, up to \$300,000 in HOME funds, up to \$500,000 in CDBG funds and up to \$450,000 of net land sale proceeds from HRA-owned parcels located at 838, 840, and 940 Selby Avenue to assist Rondo Community Land Trust (Rondo CLT) in partnership with Community Housing Development Corporation (CHDC) (together Rondo CLT/CHDC or Developer) in the development of the Selby-Milton-Victoria affordable senior housing and affordable commercial space (Project), under the terms and conditions contained in the attached Resolution.

This financial assistance and sale of the land will be contingent on the Project securing all other necessary financial assistance by December 31, 2017 to fund the capital costs of the Project. The HOME funds will assist the housing portion of the Project and the CDBG and land sale proceeds will assist the commercial portion of the Project. If approved, this action will strengthen the Developer's funding application to the MHFA which if funded, leverages HRA resources.

## **Background**

Central Selby (Selby Avenue from Lexington to Dale) has some sites of potential economic opportunity, including the HRA-owned parcels located at 838, 840, and 940 Selby Avenue (See the attached **Map of Site Locations**). Rondo CLT and CHDC are working together to create 34 units of affordable senior housing and 9,300 square feet of affordable commercial space.

The City of Saint Paul, the neighborhoods, and the community groups are working together to increase economic equity by making substantive, focused investments in identified and specific neighborhoods. When success is achieved, and initial investment is followed by additional investment, there is a risk that people living and working in the neighborhood could be priced out of the neighborhood. Rondo CLT is applying the residential land trust model to the commercial space in this project so that affordability can be sustained and assured for entrepreneurs who have started and grown business in the neighborhood.

On May 13<sup>th</sup>, 2015, through Resolution No. 15-868, the HRA designated Rondo CLT and CHDC as Tentative Developers for the HRA parcels known as 838, 840, and 940 Selby Avenue. Since then, the Developers have worked with City staff to develop an innovative storm water management system for both sites, and secured \$597,000 in Met Council funds and \$95,000 in Capitol River Watershed District funds to implement the system. They have also secured \$200,000 of Neighborhood STAR funds to support the creation of affordable commercial space. Finally, working with the Neighborhood Development Center (NDC), the Rondo CLT Board of Directors has developed a plan for marketing to, selection of, and training of the tenants of the affordable commercial space based on criteria that identify businesses that support the overall goals of the project.

PED staff has reviewed the Rondo CLT/CHDC proposal and supports the conditional commitment of HOME funds, CDBG funds, and land sale proceeds. The Developer proposes creating 34 units of affordable housing targeting seniors, and approximately 9,300 square feet of affordable commercial space. The Project addresses a number of priorities of the Summit-University (District 8) District Council Area Plan. It will preserve the quality of the neighborhood, reflects the desires of the residents, gives priority to commercial development on vacant lots, promotes life-cycle housing, fosters minority business start-ups, retentions, and expansions from the community, and includes design elements that will enhance the Selby Avenue streetscape.

**Budget Action –N/A**

**Future Action**

If the balance of the financing is secured on or before 12/31/17, future action will be required to approve a budget amendment and a Development Agreement stipulating the terms and amount of assistance. If the balance of the financing is not secured before 12/31/17, the HRA funding commitment expires and the land will not be transferred.

**Financing Structure**

Summary of Development **Sources and Uses** is attached.

**PED Credit Committee Review**

The Credit Committee will review the loan terms prior to returning to the HRA for final financing approvals.

**Compliance**

The Developer has submitted a signed letter acknowledging receipt of the following City/HRA compliance documents that may be applicable for this Project:

- Vendor Outreach Program
- Two Bid Policy
- Affirmative Action
- Labor Standards
- Living Wage
- Business Subsidy
- Project Labor Agreement
- Compliance Agreement for Conduit Bonds and Host Approval

A second compliance letter, outlining the specific compliance requirements that will apply to the Project, will be required before seeking approval of the Development Agreement.

**Green/Sustainable Development**

The Developer has conducted a preliminary meeting with PED Sustainable Building Policy staff.

## **Environmental Impact Disclosure – N/A**

## **Historic Preservation – N/A**

### **Public Purpose/Comprehensive Plan Conformance**

Redevelopment of the Site will add value to the city's tax base, provide additional life-cycle housing and neighborhood commercial space, and enhance the streetscape along this key segment of Selby Avenue. The project is consistent with the City of Saint Paul's Comprehensive Plan and the Summit-University District 8 Area Plan.

### **Statement of Chairman**

"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 Summit-University (District 8) Planning District 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 June 11, 2016. 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 Summit-University (District 8) Planning District:

| <b>Property Address</b>    | <b>Property Description</b>   |
|----------------------------|---|
| 838-840 Selby Avenue       | Nininger & Donnelly's Addition Lot 5 Block 9                                  |
| 940 Selby Avenue           | Nininger & Donnelly's Addition Lots 6 – 9 Block 9                             |
|                            | Smith & Taylor's Addition Lot 5 Block 3                                       |
|                            | Smith & Taylor's Addition the West 17 Feet of Lot 3 & All of Lot 4 in Block 3 |
| <b>Purchaser/Developer</b> | <b>Purchase Price</b>   |
| Rondo CLT/CHDC             | \$405,000   |
| Rondo CLT/CHDC             | \$145,000   |

The property will be conveyed for the purpose of developing 34 units of affordable senior housing and 9,300 square feet of affordable commercial space.

Is there anyone who wishes to be heard on this sale? If not, the Chair will declare this Public Hearing adjourned.”

**Recommendation:**

Staff recommends approval of the attached HRA Board resolution of contingent commitment of HOME funds, CDBG funds, and Land Sale Proceeds to Rondo Community Land Trust/Community Housing Development Corporation for the project located on the HRA-owned properties at 838, 840, 940 Selby Avenue, pursuant to the following terms and conditions set forth in the resolution.

**Sponsored by:** Commissioner Thao

**Staff:** Ross Currier 266-6611

**Attachments**

- **Attachment – Site Map of Locations**
- **Attachment – Developer Background**
- **Attachment – Concept Plans**
- **Attachment – Sources and Uses**
- **Attachment – Project Summary**
- **Attachment – Letters of Support**