

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

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 14, 2016

**REGARDING: DESIGNATION OF HMONG AMERICAN PARTNERSHIP AS
TENTATIVE DEVELOPER FOR THE HRA-OWNED PARCEL
KNOWN AS THE SAXON FORD SITE, DISTRICT 7, WARD 1.**

Requested Board Action

The purpose of this report is to request the Saint Paul Housing and Redevelopment Authority (“HRA”) Board of Commissioners to grant Hmong American Partnership (the “Developer”) tentative developer status for two HRA-owned parcels bounded by Sherburne Avenue, Galtier Street, and University Avenue for a period of: 1) seven months ending April 30, 2017 for Parcel A; and 2) thirty months ending February 28, 2019 for Parcel B. During the tentative developer period, if defined benchmarks are met, the Developer and HRA will negotiate final terms and conditions of a development agreement. Approval of this action grants tentative developer status under the terms and conditions contained in the attached Resolution.

Background

The Saxon Ford Site (“Site”) is approximately one acre in size, zoned T2 (Traditional Neighborhood), and currently occupied by former office and auto shop buildings. The Site is composed of two parcels. The larger parcel (“Parcel A”), located at 250, 256, and 262 Sherburne Avenue and 263 University Avenue, is approximately $\frac{3}{4}$ of an acre. The smaller parcel (“Parcel B”), located at 253 and 255 University Avenue, is approximately $\frac{1}{4}$ of an acre. See the attached **Site Map**.

In accordance with the HRA policy for the disposition of HRA-owned real estate (adopted by the HRA Board on June 11, 2003), a Request for Inquiry (RFI) was issued on June 2, 2015. The RFI was posted on the City’s Web page, published in local newspapers and business journals, and an “available property” sign was placed on the parcel for public notice.

Two proposals were received by the July 6, 2015 deadline: one from Hmong American Partnership with project management provided by JB Realty and the other from Asian Economic

Development Association. See the attached **Review Team**; they convened to review each of the submissions.

The review team supports granting tentative developer status to the Developer, who proposed: 1) a 50-unit assisted living facility on Parcel A, with two potential operators identified to lease the facility upon completion; and 2) a two-story commercial building on Parcel B. Subsequently, the Developer now views Parcel B as a potential expansion location for a Federally Qualified Health Center (FQHC), which the Developer would create and occupy; however, the path towards qualification is a protracted process. Office and retail tenants will be sought at the same time as the FQHC in case the Developer fails to get Federal qualifications.

See attached **Background** information on the Developer. It was concluded that: 1) the Developer's proposal ("Proposal") appears to be consistent with existing plans and guidelines for the area; and 2) the Proposal was preferred at a community meeting. (See the attached **Proposal Summary**.)

Because the FQHC was not originally presented at these community meetings, the Developer met with District Council 7 (Frogtown Neighborhood Association) in late July 2016 and received community support for the possibility of a FQHC in lieu of an office/retail building.

Because each parcel offers different opportunities, the Developer has requested Tentative Developer Status for seven months for Parcel A and thirty months for Parcel B.

During the tentative developer period, the Developer will need to complete the following conditions, which will need to be satisfied for the proposal on Parcel A in order for the Developer's tentative developer status to continue for Parcel B.:

1. Complete a formal scope of work, including a site plan that incorporates Green/Sustainable Development guidelines, with exterior treatments/materials for review by HRA staff and suitable for submission to the Department of Safety and Inspections to obtain the proper building permits. An HRA-approved scope of work must be completed.

2. Submit acceptable evidence of availability of construction financing for review by HRA staff.
3. Finalize a detailed development budget and business plan for approval by the HRA staff.
4. Finalize terms and conditions of partnership agreement.
5. Receive all approvals for zoning, licenses and any other required City or State approvals required for the Project.
6. Identify and negotiate final terms and conditions of an operating agreement for the assisted living facility, which will include verification of the operator's license to provide the service.
7. 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 selected contractor for the Project.

Budget Action

PED Staff is seeking a tentative developer designation only. There is no budget action at this time.

Future Action

Before the end of each tentative developer status period, if successful, a full Development Agreement will be drafted for HRA approval. PED staff and the Developer will work closely with key stakeholders, including the HRA and District Council 7 on the continued evolution and refinement of the Proposal.

Financing Structure

Due to the conceptual status of the Proposal, no detailed sources and uses of funds have yet been developed. The HRA's policy is to sell property at its appraised fair-market value. Any write-down of this value will be considered a public subsidy.

PED Credit Committee Review

N/A

Compliance

Within 10 days of the approval of granting Tentative Developer Status to Hmong American Partnership, a signed letter acknowledging receipt of the following City/HRA compliance documents (“Compliance Documents”) that will or may be applicable for this Project will be due from the Developer:

- Vendor Outreach Program (Separately signed by applicant)
- 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 full Development Agreement seven months from now for Parcel A, and again in thirty months, if not earlier, for Parcel B.

Green/Sustainable Development

The Developer will be directed to incorporate applicable “green” elements into the Proposal and may be required to follow the Saint Paul Green/Sustainable Development Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The following public purposes will be met:

1. Re-use of a vacant commercial parcel on University Avenue.

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:

University Avenue 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 1.25: Promote the development of more intensive housing on Mixed-Use Corridors where supported by zoning that permits mixed-use and multi-family residential development.

Also, the project addresses a citywide objective for job-rich employment centers:

- Strategy 2.5: Encourage the redevelopment of sites on arterial streets zoned for B2, B3, and TN2 uses as employment centers. To that end, facilitate redevelopment through a program of assembling parcels to create sites sufficiently large to accommodate smaller scale industrial and office uses.

Statement of Chairman (for Public Hearing)

N/A

Recommendation:

Staff recommends approval of the attached HRA Board resolution designating Hmong American Partnership as tentative developer for the HRA-owned Saxon Ford Site for a period of seven months for Parcel A and thirty months for Parcel B pursuant to the terms and conditions set forth in the attached resolution. This recommendation is based on the following:

- Hmong American Partnership has the experience and financial capacity to successfully

undertake the development of the Site.

- Hmong American Partnership has a proposal that will fit well with surrounding area uses, and that appears to be consistent with existing plans and guidelines for the area.
- Hmong American Partnership has demonstrated an interest and willingness to seek community input on its proposal.

Sponsored by: Commissioner Dai Thao

Staff: Marcq Sung, 651.266.6615

Attachments

- **Attachment – Background**
- **Attachment – Proposal Summary**
- **Attachment – Review Team**
- **Attachment – Site Map**
- **Attachment – Public Purpose**
- **Attachment – District 7 Profile**