

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 12, 2016

REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF 208-210 BATES; AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT. DISTRICT 4, WARD 7.

Requested Board Action

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

- Approval of the sale and conveyance of 208-210 Bates Avenue owned by the Housing and Redevelopment Authority of the City of Saint Paul (HRA).
- Authorization to enter into development agreement with Eric Foster and Historic Saint Paul Nonprofit Corporation, and their assigns, for the redevelopment, and authorization of expenditures as identified in this report for said property.

Background

208-210 Bates is a vacant two-story building owned by the HRA since 2007. The building has been vacant and boarded since April, 2002. It was most recently configured as four residential units. In October of 2005, the HRA Board authorized staff to acquire 208-210 Bates through an eminent domain process which was finalized in February, 2007. The HRA paid \$325,000 for the property with HRA Loan Enterprise Funds.

Staff pursued multiple proposals for 208-210 Bates, including a multi-property proposal combining its rehab with that of two additional HRA-owned structures. Staff was unable to arrive at a financially viable rehabilitation proposal.

In the Spring of 2016, staff prepared a Request for Proposals (RFP) for 208-210 Bates, along with 5 additional HRA-owned buildings in the Dayton's Bluff Heritage Preservation District.

The RFP used the principles of the HRA's Inspiring Communities program (IC) as the organizational backbone of the process. The IC Rental Development Program Manual was included as part of the RFP and its conditions will be reflected in the Development Agreement. Community members, under the coordination and leadership of the Dayton's Bluff Community Council, were instrumental in assisting with marketing of the RFP.

Through the Dayton's Bluff RFP, a partnership of Eric Foster and Historic Saint Paul (HSP) submitted a proposal to rehabilitate 208-210 Bates into four apartment units. Their proposal scored highest of two proposals received. Mr. Foster and HSP requested the property be conveyed for \$1 and \$600,000 cash subsidy.

Budget Action

The \$600,000 cash subsidy will be provided as follows:

\$386,000 existing funds already budgeted and

\$214,000 of unallocated CDBG funds (no additional Inspiring Communities funds used)

Funds already budgeted

- \$279,000 *Invest Saint Paul Initiative* funds (dedicated for 208-210 Bates)

Current balance of this fund is \$397,563.

The remaining fund balance of \$118,563 will be used for future work at 216-218 Bates and 212 Bates.

- \$80,000 *Community Development Block Grant* funds (dedicated for 208-210 Bates and other neighboring properties). Current balance of this fund is \$179,858.

The remaining fund balance of \$99,858 is reserved for future work at 216-218 Bates.

Funds already budgeted but will require City Council Administrative Order (AO)

- \$27,000 *Community Development Block Grant* funds (currently budgeted to 716 Wilson)

Current balance of fund is \$47,924.

The remaining fund balance of \$20,924 is reserved for future work at 716 Wilson.

Funds requiring a new HRA budget action

- \$214,000 *Community Development Block Grant* funds. Resolution includes authorization to commit \$214,000 of 2015 Multifamily CDBG to this project.

Assuming approval of the above, the remaining CDBG 2015/2016 fund balance would be \$1,312,206.

Future Action

NA

Financing Structure

Value Gap assistance will be structured as a 0% deferred loan for 15 years and secured by a Mortgage and Note. If property is sold prior to the end of the loan term, the loan will become due and payable.

PED Credit Committee Review

NA. The Credit Committee reviewed the Rental Program Manual on September 30, 2013. The terms and conditions contained therein were recommended for approval.

Compliance

Development will comply with all applicable requirements, which may include the following:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Inspiring Communities Affordability Covenants
6. Fair Housing Opportunities
7. Two Bid Policy
8. Saint Paul Sustainable Development Policy

Green/Sustainable Development

The project will follow the Inspiring Communities program criteria, and will meet the Home Performance for ENERGY STAR or ENERGY STAR for NewHomes standards, and be certified by Enterprise Green Communities.

Environmental Impact Disclosure

The Tier 1 environmental review determined that all activities were either exempt or categorically excluded.

Historic Preservation

This project is located in the Dayton's Bluff Heritage Preservation District and is subject to District design guidelines and Heritage Preservation review. HPC staff has been consulted and the developer has been informed of these requirements.

Public Purpose/Comprehensive Plan Conformance

Please see the attached **Public Purpose** Form. The attached **Comprehensive Plan** includes a list of Comprehensive and Neighborhood Plan documents that the proposed actions fulfill.

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 certain Parcel of land located in Dayton's Bluff District 4 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 Saturday, October 1, 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 Dayton's Bluff District 4:

Property Description

208-210 Bates Avenue

Purchaser/Developer

Eric Foster and Historic Saint Paul Nonprofit Corporation, and their assigns

Purchase Price

\$1

The above property will be conveyed for the purpose of redevelopment for the purpose of affordable rental housing.

“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 sale, entrance into Development Agreement and the authorization of expenditures in accordance with the attached resolution.

Sponsored by: Commissioner Prince

Staff: Joe Musolf (651-266-6594)

Attachments:

- **Attachment – Budget Amendment**
- **Attachment – Comprehensive Plan Conformance**
- **Attachment -- Project Summary**
- **Attachment -- Sources and Uses Summary**
- **Attachment -- Public Purpose**
- **Attachment – District 4 Profile**
- **Attachment -- Map**