

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

**REPORT TO THE COMMISSIONERS**

**DATE: January 25, 2017**

**REGARDING: AUTHORIZATION TO ACQUIRE 629 WHITALL STREET FROM BAM COFFEE, LLC AND APPROVAL OF \$75,000 FROM THE INVEST SAINT PAUL SMALL BUSINESS LOAN PROGRAM. DISTRICT 5, WARD 6.**

## **Requested Board Action**

1. Authorization to acquire 629 Whitall Street from BAM Coffee, LLC.
2. Approval of \$75,000 from the Invest Saint Paul Small Business Loan Program to assist in the acquisition of 629 Whitall Street.
3. Authorizing the Executive Director to finalize the acquisition documents for execution by the appropriate HRA officials.

## **Background**

629 Whitall Street is located near the northwest corner of Payne Avenue and Whitall Street. The site is comprised of a single-story commercial building. The past use of the property was a single-family residence prior to construction of the storage building currently on site. Staff is assuming that due to the urban location of this property and the contamination on the adjacent parcel at 845-851 Payne, this property may also have limited contamination. If any contamination is found on the site, staff will seek out external funding to assist with the environmental clean-up. The property is current zoned T2 (Traditional Neighborhood.)

This site is adjacent to HRA-owned properties to the east (623 Whitall) and the west (845-851 Payne Avenue). The HRA acquired 623 Whitall in 2000, and acquired 845-851 Payne Avenue in 2014. Acquiring 629 Whitall Street will join these two other properties into one good-sized parcel and is key to a larger redevelopment effort focused on Payne Avenue. The larger redevelopment site is located one block from the Payne Avenue gateway, across Payne Avenue from Kendall's ACE Hardware, and an HRA-owned parcel the HRA is currently marketing (848 Payne Avenue). Staff is recommending the purchase of this site to support the investments the HRA and local businesses have made to date, and build on the significant momentum Payne Avenue is currently enjoying.

PED staff has drafted a Purchase Agreement between the owner and the HRA (with HRA Board approval contingencies) for \$132,500. The property was appraised at \$132,500 in 2016. The HRA plans to purchase the property “As-Is.” Assuming approval of the attached Resolutions, the HRA plans to demolish the current building in 2017 and prepare the site for sale and redevelopment in keeping with the neighborhood plans.

Additionally, \$75,000 in Year Round STAR funding has been recommended by the Ward 6 City Councilmember to contribute to the acquisition of the property. This funding will need to be approved by City Council resolution.

**Budget Action**

N/A

**Future Action**

HRA Board action will be required to sell the redevelopment site to a private developer.

**Financing Structure**

N/A

**PED Credit Committee Review**

N/A

**Compliance**

The demolition phase of the project will comply with the following programs: Vendor Outreach Program, City’s Labor Standards and Two Bid Policy.

**Green/Sustainable Development**

The project will comply with the Saint Paul/HRA Sustainability Initiative.

**Environmental Impact Disclosure**

N/A

## **Historic Preservation**

The project has been reviewed by HPC PED staff. A May 1999 Historic Payne Avenue Business District Study has determined that the “The district south of Wadena Street (Aguirre Avenue) has lost integrity.” This area is to be omitted from the D.O.E. district. HUD 106 review will not be required.

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

The District 5 Plan (1979) has a land-use goal to maintain and limit new commercial development to existing commercial areas along Payne Avenue. Redeveloping the properties at 623 Whittall Street, 629 Whittall Street and 845-851 Payne Avenue would contribute to enhancing the existing commercial area along Payne Avenue, and meet this goal without encroaching on adjacent residential areas. In addition, the citywide Comprehensive Plan (2010) identifies this portion of Payne Avenue as a Mixed Use Corridor where residential, commercial, retail, and office uses are or could be located.

## **Recommendation:**

The Executive Director recommends approval of the attached resolution for:

1. Authorization to acquire 629 Whittall Street from BAM Coffee, LLC.
2. Approval of \$75,000 from the Invest Saint Paul Small Business Loan Program to assist in the acquisition of 629 Whittall Street.
3. Authorizing the Executive Director to finalize the loan and land sale documents for execution by the appropriate HRA officials.

**Sponsored by:** Commissioner Bostrom

**Staff:** Hilary Holmes, (266-6612)

## **Attachments**

- Attachment – Map
- Attachment – Public Purpose
- Attachment – District 5 Profile