

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 14, 2017

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND
CONVEYANCE OF PARCEL 1654 MINNEHAHA AVENUE EAST UNDER THE
INSPIRING COMMUNITIES PROGRAM, AUTHORIZATION TO ENTER INTO A
DEVELOPMENT AGREEMENT, AND AUTHORIZATION TO WAIVE PROGRAM
NOTIFICATION REQUIREMENTS, EASTVIEW - CONWAY – BATTLE CREEK –
HIGHWOOD HILLS, DISTRICT 1, WARD 7.**

Requested Board Action

1. Approval of the sale and conveyance of 1654 Minnehaha Avenue E to Dayton's Bluff Neighborhood Housing Services (DBNHS) for the purpose of redevelopment, at a discounted price of \$1.
2. Authorization to enter into a development agreement with the aforementioned developer.
3. Authorization to waive the policy regarding Inspiring Communities notification requirements.

Background

Staff has been working with Dayton's Bluff Neighborhood Housing Services (DBNHS), in partnership with the Builders Association of the Twin Cities Foundation (BATC Foundation) and the Minnesota Assistance Council for Veterans Affairs (MACV), to find a parcel on which to construct a new single family home. The home will be used for veterans with dependent families, placed by MACV, in need of housing and services. DBNHS has been hired to develop the property and manage the construction process. In lieu of providing cash subsidy to the project, staff is requesting the ability to write down the value of the Property to \$1.

MACV owns properties in the Minneapolis / Saint Paul area in which they provide housing and services for single homeless veterans. MACV is working to expand their housing options in order to serve veterans with families. The BATC Foundation, in partnership with national homebuilder Lennar, has offered to construct a house for MACV. HRA-owned 1654 Minnehaha Avenue E fits the needs of MACV. It is large enough to fit the home they wish to build. And it is located on a high-frequency bus line.

In the spring of 2013, staff analyzed all property in the HRA inventory in an effort to make informed recommendations regarding the retention and disposition of properties, and created a disposition strategy and budget to advance redevelopment plans for the properties analyzed. Property considered as part of the disposition analysis was predominantly scattered site vacant lots and buildings with no more than four units. The information was presented as part of the Disposition Strategy and Work Plan, which was approved by the HRA Board of Commissioners on July 24, 2013 via Resolution 13-1097. All related activities were branded “Inspiring Communities”, which prioritizes properties with required outcomes prescribed by the United States Department of Housing and Urban Development (HUD).

Goals of the Inspiring Communities program include:

- Use HRA property as a catalyst for neighborhood transformation;
- Newly construct on vacant lots and/or rehabilitate structures to create a variety of housing opportunities in focused cluster areas;
- Create job opportunities for local residents, Section 3 certified businesses, minority and women-owned businesses, and small businesses; and
- Inspire innovative, sustainable design and construction methods.

The July 24, 2013 Board action established four disposition categories: two that allocated future subsidy and two that were sales strategies which assumed no subsidy. Properties eligible for subsidy were either located in cluster areas (Dayton’s Bluff, Railroad Island (Payne-Phalen), Payne-Maryland, Frogtown, and West Seventh) or had obligations for redevelopment (vacant buildings, some tax forfeit properties, some federal properties). The remaining properties were either vacant lots to be sold for market value, or splinter parcels to be sold for a nominal price. The property at 1654 Minnehaha (the “Property”) was categorized as a vacant lot to be sold for market value.

On August 13, 2014, by Resolution 14-1331, the HRA approved the Disposition Policy and Procedure for the Sale of Vacant Lots for Market Value by the Saint Paul Housing and Redevelopment Authority (“VLS Program”) Via the same resolution, the Board approved the

HRA Property Valuation Policy (“Valuation Policy”). The policies provide instruction as to how property is to be sold and conveyed, and how market value is to be determined. Per the Valuation Policy, the Property is valued at \$20,000 based on a sample appraisal that indicated area land values at \$2/square foot. Per VLS Program requirements, the Property was offered without subsidy through an application process. The Property was offered through three application cycles and received no interest. The VLS Program requires notification of property for sale (through the application process) on the city website and through the ENS. Applications may be submitted over a 30-day period. Staff is requesting a waiver of the VLS Program application process. Staff believes this waiver is justified because (1) the property has been offered three times, with no interested parties identified; (2) the Developer is not requesting additional subsidy; and (3) it is advantageous for the HRA to work quickly to help kick this project off, because BATC and Lennar hope to complete construction in time for the Fall 2017 Parade of Homes, which will provide an opportunity for significant publicity around the project.

1654 Minnehaha was a blighted duplex that was acquired in January of 2010; the structure was demolished in September of the same year. The lot is zoned R4 and measures 80 by 125 feet totaling 10,000 square feet.

Budget Action

No budget action is required for this sale.

Future Action

No future action will be required. Upon approval of the sale, staff will proceed to execute the development agreement and convey property.

Financing Structure

No development subsidy has been requested other than the land write down to \$1.

PED Credit Committee Review

Credit Committee review is not a requirement of the sale of property.

Compliance

Development of this property under the Inspiring Communities program will comply with all applicable compliance requirements, which may include the following:

1. Affirmative Action/Equal Employment Opportunity
2. Vendor Outreach
3. Section 3
4. Limited English Proficiency
5. Applicable affordability requirements

Green/Sustainable Development

The Sustainable Development Policy does not apply to the requested actions.

Environmental Impact Disclosure

A Tier 1 environmental impact study was conducted for the target area of NSP 1, 2, and 3, which encompasses the area of all Inspiring Communities program activities.

Historic Preservation

A 106 review is conducted at the time of acquisition for all HRA properties.

Public Purpose/Comprehensive Plan Conformance

See the attached Public Purpose Form and Comprehensive Plan Conformance, which includes information from the District 4 plan that the proposed action fulfills.

The Disposition Strategy has been presented to the planning councils most affected by the disposition strategy - the District 5 CPED and Railroad Island committees, District 4 Board, and District 7 Board - and received their support.

Statement of the Chair

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 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, June 3, 2017. 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:

<u>Property Description</u>	<u>Purchaser</u>	<u>Purchase Price</u>
1654 Minnehaha Avenue E.	Dayton's Bluff Neighborhood Housing Services	\$1

Recommendation:

The Executive Director and staff recommend approval of the sale in accordance with the attached resolution.

Sponsored by: Commissioner Prince

Staff: Joe Musolf, 651-266-6594

Attachments

- **Attachment – Map**
- **Attachment – Public Purpose**
- **Attachment – Comprehensive Plan Conformance**
- **Attachment – District 1 Profile**