

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

REPORT TO THE COMMISSIONERS

DATE: July 12, 2017

**REGARDING: RESOLUTION AUTHORIZING THE DESIGNATION OF PHOENIX
DEVELOPMENT COMPANY OF MINNEAPOLIS, LLC AS THE TENTATIVE
DEVELOPER FOR THE PROPERTIES LOCATED AT 782-804 RICE STREET,
129 SYCAMORE STREET AND 119 LYTON PLACE, DISTRICT 6, WARD 1**

Requested Board Action

Staff is requesting the Housing and Redevelopment Authority of the City of Saint Paul (HRA) Board of Commissioners approve the designation of Phoenix Development Company of Minneapolis, LLC as tentative developer of 782-804 Rice street, 129 sycamore Street and 119 Lyton Place (commonly known as Rice/Sycamore) from July 12, 2017 to December 31, 2018 in order to finalize financing, construction costs and approvals to construct a multi-family development on the property.

Background

The HRA acquired 782, 786, 792, and 794 Rice Street and 129 Sycamore Street from TCR Land Holding, LLC on October 3, 2008 for purchase price of \$520,000 (ISP Parking Program Improvement and Implementation Fund 118).

The HRA acquired 796 Rice Street from Ramsey County through the tax forfeiture process on October 6, 2000 at no cost.

The HRA acquired 804 Rice Street from Ramsey County through the tax forfeiture process on September 6, 2002 for purchase price of \$103.15 (HRA Real Estate Fund 148).

The HRA acquired 119 Lyton Place from City Site Urban Media, Inc. on September 9, 2008 for purchase price of \$133,839.30 (ISP Parking Program Improvement and Implementation Fund 118).

The Rice Street site measures approximately 240 feet by 125 feet, for a total area of 30,000 square feet and 119 Lyton Place measures 96 feet by 94 feet for a total area of 9,024 square feet. The combined parcels have total square feet of approximately 39,024 square feet.

Staff is aware of pollution on the site. A Phase I has been completed and that information has been sent to Phoenix Development Company of Minneapolis, LLC (Phoenix). However, the property will be sold “as is”.

On April 11, 2017, staff received a proposal from Phoenix. Staff did not receive any additional applications to purchase the property after posting for 45 days on the Early Notification System.

Staff has reviewed their proposal and is recommending Phoenix for tentative developer status for this property. Phoenix has extensive experience in rehabilitation of historical properties and new construction of multifamily and mixed used buildings. They have complete 14 projects in Minneapolis and Saint Paul including Phalen Senior Lofts at 645 Payne Avenue. They have two projects currently under construction in Santa Rosa, CA and Denver, CO.

Phoenix proposes to construct a four story building with 41 rental housing units consisting of 10 one-bedroom, 10 two-bedroom units, and 21 three-bedroom units with 58 off-street parking spaces.

The Rice Street property is zoned T2 (Traditional neighborhood) and the Lyton Place property is zoned RT-1 (Two Family Residential). The proposal would need to rezone the RT-1 property to T2 for this project to proceed.

Budget Action

No budget action is needed at this time.

Future Action

Future possible actions by the HRA Board would include approval of a Development Agreement, public financing and hold a public hearing to sell Rice/Sycamore to Phoenix.

Financing Structure

Tentative developer status will allow Phoenix time to secure financing for the project. A major portion of the financing will be proceeds from tax-exempt Bonds/4% low income housing tax credits. The estimated total development cost is \$10,380,600 with a \$2,571,347 financial gap. Phoenix will be requesting funding assistance from the HRA, MHFA and other outside agencies to help fill this gap. Phoenix is also requesting that the HRA sell the property for \$100. Ramsey County lists the properties at a market value of \$477,400. The rents are proposed to be affordable at 50% and 60% AMI.

PED Credit Committee Review

PED Credit Committee will review this project prior to any financing assistance from the HRA.

Compliance

The following compliance will be required: Vendor Outreach Program, Affirmative Action, Federal Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Two-Bid Policy, Project Labor Agreement, Living Wage Ordinance, Sustainability Policy, and Section 3.

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

An Environmental review will be completed prior to final development status.

Historic Preservation

This project will not require HPC review. However, a HUD 106 review will be completed.

Public Purpose/Comprehensive Plan Conformance

This project conforms to the adopted Saint Paul Comprehensive Plan, particularly Land Use Strategy 1: Target growth in unique neighborhoods. It meets the goals of increasing density where appropriate, particularly along Mixed-Use Corridors, and supporting a mix of uses in those corridors. This project also meets the stated goals of Housing Strategy 1: Build upon Saint

Paul's strengths in the evolving metropolitan housing market, particularly regarding increasing housing choice (H-1.1), meeting market demand for transit-oriented housing (H1.2).

The North End District 6 Plan does not provide specific recommendation for this site, but does support "promoting the development of new multi-family housing."

Recommendation:

The Executive Director recommends approval of the attached resolution designating Phoenix Development Company of Minneapolis, LLC as tentative developer for a period commencing on July 12, 2017 to December 31, 2018 to allow them time to secure financing, complete a scope of work, and finalize construction costs.

Sponsored by: Commissioner Dai Thao

Staff: Daniel K. Bayers, Principal Project Manager, 651-266-6685

Attachments

- **Project Summary**
- **Map**
- **Site Plans**
- **Sources and Uses Summary**
- **Public Purpose**
- **District 6 Profile**