

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

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 13, 2017

**REGARDING: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY AND
AMENDMENT TO THE EXISTING DEVELOPMENT AGREEMENT FOR THE
VILLAGE ON RIVOLI PROJECT, DISTRICT 5, WARD 5**

Requested Board Action

The specific actions requested of the Board are:

1. Approval of the sale and conveyance of HRA-owned property intended for redevelopment as Phase II of the Village on Rivoli project.
2. Authorization to amend the existing development agreement in order to carry out the development of Phase II.

Background

In June of 2004 the HRA entered into a development agreement for the redevelopment of several properties in the Railroad Island neighborhood (RRI), which included parcels in the planned Village on Rivoli area. Dayton's Bluff Neighborhood Housing Services (DBNHS) has been working with the City, HRA, MHFA, HUD, PCA, District 5 and the RRI Task Force to fund cleanup, redevelopment and planning efforts in RRI for well over 15 years. Redevelopment of the Village on Rivoli site was a phase of development in RRI that was never completed due to the economic downturn; however, much of the site cleanup and grading was completed prior to that time. DBNHS has been working over the last several years to secure funding for infrastructure and construction. The project began in the spring after DBNHS acquired seven parcels from the HRA.

In April of 2016, by Resolution 16-133, the HRA approved the sale and conveyance of seven lots for the construction of seven single family homes, the entrance into an updated development agreement, and the allocation of subsidy in the amount of \$463,442. Ultimately, the Village on Rivoli project will result in the construction of 36 housing units, an orchard, a solar garden, and bike and pedestrian trails/connections.

In order to construct Phase II of the housing development (five homes), the HRA will need to convey five parcels to DBNHS and amend the development agreement to carry out this development.

Budget Action

No budget action is being requested.

Future Action

Future Board action will be the conveyance of additional property as the project progresses. Phase III of the project will be the construction of twenty-four units of housing. The orchard, solar garden and trail construction are happening simultaneously with development.

Financing Structure

The same as presented in the April 27, 2016 Board report as follows:

	PHASE I	PHASE II	TOTAL
USES	7 Houses	5 Houses	12 Houses
Acquisition Costs	\$21,000	\$15,000	\$36,000
Construction Costs	\$2,042,110	\$1,569,775	\$3,611,885
Soft Costs	\$328,720	\$236,800	\$565,520
Developer's Fee	\$191,345	\$145,725	\$337,070
Total Development Cost	\$2,583,175	\$1,967,300	\$4,550,475
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Less Sales Price	(\$1,379,000)	(\$1,005,000)	(\$2,384,000)
Less Site Preparation	(\$241,220)	(\$172,300)	(\$413,520)
Construction Gap	\$962,955	\$790,000	(\$1,752,955)
MHFA	(\$361,610)	\$0	(\$361,610)
STAR	(\$234,437)	(\$167,455)	(\$401,893)
Met Council LCDA	\$0	(\$75,000)	(\$75,000)
HRA*	\$270,341	\$193,101	(\$463,442)
Remaining MHFA Gap/Equity	\$96,567	\$354,444	\$451,011

DBNHS intends to apply to the Minnesota Housing Finance Agency to help fill the remaining value gap need.

*HRA authorization would allow value gap funds to be shifted from one phase to another to allow for flexibility in market conditions.

PED Credit Committee Review

Credit Committee review is not a condition of property sales.

Compliance

The project is required to comply with Section 3, Vendor Outreach, Affirmative Action, Sustainable Building Policy, Limited English Proficiency, and Two Bid Policy.

Green/Sustainable Development

The project will comply with the Sustainable Building Policy.

Environmental Impact Disclosure

The Village on Rivoli site has been through several stages of remediation in cooperation with the MPCA and the site is suitable for residential development. No further disclosure is required.

Historic Preservation

The project area is vacant land and newly constructed homes, and is not located within a historic district.

Public Purpose/Comprehensive Plan Conformance

This development will return vacant, publicly-owned property back to the tax rolls and increase homeownership options within Railroad Island and the Payne-Phalen neighborhood.

The Housing Chapter of the Comprehensive Plan lists the following strategies:

Strategy 1: Build upon Saint Paul's Strengths in the Evolving Metropolitan Housing Market

1.1 Increase housing choices across the city to support economically diverse neighborhoods.

Strategy 3: Ensure the Availability of Affordable Housing Across the City.

Statement of Chairman (for Public Hearing)

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 Parcels of land located in Payne-Phalen, District 5, by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, September 2, 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 District 5, Payne-Phalen to Dayton's Bluff Neighborhood Housing Services for \$1 each:

Property Description

Lots 8 through 12, Block 1, Village on Rivoli Addition, commonly known as follows:

701 Rivoli Street

705 Rivoli Street

709 Rivoli Street

713 Rivoli Street

717 Rivoli Street

The above property is being sold for the purpose of construction of five single-family, for-sale homes.

Recommendation:

The Executive Director recommends approval to convey the aforementioned property to DBNHS for the purpose of constructing five single family homes.

Sponsored by: Commissioner Brendmoen

Staff: Sarah Zorn, 651-266-6570

Attachments

- **Map**
- **Public Purpose**
- **District 5 Profile**