

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

**REPORT TO THE COMMISSIONERS**

**DATE: DECEMBER 13, 2017**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF THE PROPERTY LOCATED AT 700 4TH STREET EAST TO EDEN BUILDERS, INC. UNDER THE INSPIRING COMMUNITIES PROGRAM; AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT AND AUTHORIZATION OF EXPENDITURES FOR REDEVELOPMENT UNDER THE SAINT PAUL HOUSING AND REDEVELOPMENT AUTHORITY'S INSPIRING COMMUNITIES PROGRAM, DISTRICT 4, WARD 7.**

## **Requested Board Action**

The purpose of this report is to request that the Housing and Redevelopment Authority (HRA) Board of Commissioners approve the attached resolution authorizing the sale of 700 4<sup>th</sup> Street East to Eden Builders, Inc. and authorizing the expenditure of funds to subsidize the rehabilitation of 700 4<sup>th</sup> Street East Under the Inspiring Communities Program.

## **Background**

The HRA approved of the sale and conveyance of 700 4<sup>th</sup> Street E to Project for Pride in Living, Inc. (PPL) on July 13, 2016. The property was one of the properties offered in the fourth Request for Proposals (RFP) in the Inspiring Communities Program (ISP). PPL was selected as the organization that would rehabilitate the property based on several competitive criteria, including the anticipated cost of the redevelopment. In October, PPL determined that they could not honor their original proposal due to unexpected and considerable increases in the project budget and withdrew their application. Eden Builders had also responded to the RFP and are interested in developing the property per their original application and subsidy request of \$149,156. PPL subsidy request was originally \$150,000 but increased to \$181,098 after the Development Agreement was signed and before the property was conveyed.

**Budget Action**

No budget action is required. The project will be funded via the Inspiring Communities Strategy Budget. HRA budget actions pertaining to the Inspiring Communities Strategy have authorized an overall program spending plan, but the HRA Board requires that expenditures for each project within the plan be approved. The total expenditure of \$149,156 will be utilized for this project.

**Future Action**

Regarding the project in the Resolution, no future action will be required. Once the HRA takes action approving the sale of property, staff will proceed to execute the development agreement and convey property.

**Financing Structure**

Financing will be as indicated in the Homeownership Program Manual. Value gap assistance provided to awardees will be secured with a note and mortgage at 0% interest. At the time the property is sold to a homeowner, the value gap assistance loan will be forgiven. Funds will be disbursed on a reimbursement basis at up to three benchmarks in the project schedule. The final disbursement will be at the time the property is sold to a homeowner, when all expenditures can be reconciled and the value gap amount can be modified based on the final purchase price and actual costs incurred. Homebuyers purchasing a home may be eligible for up to \$5,000 in assistance toward lowering the amount of the first mortgage or to augment a down payment. The assistance is structured as a 0% interest loan and is forgiven over a five-year period.

**PED Credit Committee Review**

Credit Committee is not a requirement of the sale of property. However, the Credit Committee reviewed the Homeownership and Rental Program Manuals on September 23, 2013 and September 30, 2013 respectively. The terms and conditions contained therein were recommended for approval by the Credit Committee at that time.

## **Compliance**

Development under the Inspiring Communities program 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. Applicable affordability requirements
6. Fair Housing Opportunities
7. Two Bid Policy
8. Saint Paul Sustainable Development Policy

## **Green/Sustainable Development**

All Inspiring Communities projects will be in compliance with the approved Inspiring Communities Design Standards, which meet both the Saint Paul Sustainable Development Policy and the Saint Paul/HRA Sustainability Initiative. All projects will participate in the Home Performance for ENERGY STAR program, and/or participate in the ENERGY STAR for New Homes program, and/or be certified through the Enterprise Green Communities Program, as applicable.

## **Environmental Impact Disclosure**

Environmental determination is indicated by the project's funding source and proposed redevelopment plans. The project will adhere to applicable environmental requirements.

## **Historic Preservation**

700 4<sup>th</sup> Street E is located within the Dayton's Bluff Heritage Preservation District and is required to follow District guidelines and meet all District requirements.

**Public Purpose/Comprehensive Plan Conformance**

See the **Public Purpose** attachment. The **Comprehensive Plan Conformance** attachment includes a list of Comprehensive and Neighborhood Plan documents that the proposed actions fulfill.

**Statement of Chairman (for Public Hearing)**

Being duly authorized by the Board of Commissioners to conduct the Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of conveyance of a certain parcel of real property located in Dayton's Bluff, District 4, 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, December 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 700 4<sup>th</sup> Street E in Dayton's Bluff District 4 to Eden Builders, Inc.

**Recommendation:**

The Executive Director recommends approval of the sale, entrance into a development agreement and associated expenditure authorization in accordance with the attached resolution.

**Sponsored by:** Commissioner Jane Prince

**Staff:** Dionne Griffin, 651-266-6707

**Attachments**

- **Comprehensive Plan Conformance**
- **Map**
- **Public Purpose**
- **District 4 Profile**