

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

REPORT TO THE COMMISSIONERS

DATE: MARCH 27, 2019

REGARDING: AUTHORIZATION TO DESIGNATE NEIGHBORHOOD DEVELOPMENT ALLIANCE (“NEDA”), AS TENTATIVE DEVELOPER OF 605 & 617 STRYKER AVENUE AND 604, 610 & 612 WINSLOW AVENUE, SAINT PAUL, MN, AND WAIVER OF THE 45 DAY EARLY NOTIFICATION UNDER THE DISPOSITION POLICY, DISTRICT 3, WARD 2

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 Neighborhood Development Alliance (“NeDA”) as tentative developer of 605 & 617 Stryker Avenue and 604, 610 & 62 Winslow Avenue (“Property”) until December 31, 2020 in order to finalize financing, construction costs and approvals to construct a 57 unit senior housing development on the property.

Background

The HRA acquired 605 Stryker Avenue from A & M Market LLC (Ahmad Al-Hawwari) on March 12, 2019 for a purchase price of \$385,000 (CDBG Fund 100).

The HRA acquired 617 Stryker Avenue from Ramsey County in December 1998 for a purchase price of \$7,500. In 2001, The HRA approved tentative developer status to a developer to construct a 13-unit senior housing cooperative. However, this development did not move forward. Two additional development plans were proposed for this site. Neither of these development proposals moved forward.

The HRA acquired 604 Winslow Avenue from LaSalle Bank, as Trustee on November 10, 2009 for purchase price of \$1 and the payment of outstanding real estate taxes in the amount of \$19,318.49 (ISP Parking Program Improvement and Implementation Fund 118).

The HRA acquired 610 Winslow Avenue from Federal Home Loan Mortgage Corporation through Neighborhood Development Alliance, Inc. on December 10, 2009 for purchase price of \$3,448.02 (ISP Parking Program Improvement and Implementation Fund 118).

The HRA acquired 612 Winslow Avenue from Federal National Mortgage through Neighborhood Development Alliance, Inc. on November 30, 2009 for purchase price of \$36,428.19 (ISP Parking Program Improvement and Implementation Fund 118).

The HRA issued a “Request for Offers for Purchase and Development” on June 15, 2018 with the initial review starting August 15, 2018 in compliance with the HRA’s disposition policy. The HRA did not own 605 Stryker Avenue at the time of the initial “Request for Offers for Purchase and Development”. The HRA acquired this property on March 12, 2019. PED staff would like to include this parcel as part of the tentative developer status. Because this property was not part of the original “Request for Offers for Purchase and Development”, a waiver of the HRA’s disposition policy’s 45 early notification requirement is requested.

HRA staff received five offers regarding the purchase of the HRA owned property. PED Staff reviewed all five proposals. The proposals ranged from affordable (senior) housing to mixed use/mixed income developments. One of the five offers was later rescinded. HRA staff did an extensive review and is recommending NeDA’s current Stryker/Winslow proposal for tentative developer status for this property.

NeDA’s Stryker/Winslow proposal is to construct a three story building with 57 senior housing units and 23 parking spaces. The proposed housing will consist of 49 one-bedroom and 8 two-bedroom units.

NeDA has extensive experience in rehabilitation and construction of multifamily and mixed used buildings. NeDA is a nonprofit community development corporation whose housing development has been focused primarily on Saint Paul’s West Side. In the past 20 years, NeDA has refinanced and reinvested in 35 units of affordable rental housing (The Terraces); developed 40 units of low income housing for families (88 Cesar Chavez); developed 20 units of mixed-income ownership townhomes (560 State Street Townhomes); and developed and built an

additional 23 new and rehabbed 12 single family homes for sale to families at 80% AMI. This included Saint Paul's first LEED Gold affordable twin home. Currently, NEDA received tentative developer status from the HRA for property on Oakdale Avenue. Their proposal is to construct up to 9 townhome units of ownership housing over the next three years.

The property is currently zoned B2 – Community Business. The property would need to be rezoned either T2 (Traditional Neighborhood) or RM-2 (Multifamily Residential) for the proposed project to be permitted.

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 605 & 617 Stryker Avenue and 604, 610 & 612 Winslow Avenue to NeDA or its new development entity

Financing Structure

Tentative developer status of NeDA will allow them time to secure financing for the project. Securing public financing is a lengthy process, and without the public financing, the proposed project would not be financially feasible. The estimate total development cost for this project is \$12,600,000. NeDA will be requesting funds assistance from the HRA, MHFA and other outside agencies to help fund this project. NeDA is also requesting that the HRA sell the property for \$264,632. The HRA properties have a combined market value of \$264,632. The projected rents are proposed to be affordable with the majority of the units to serve households at 30% and the remaining household units at 50% AMI. Tenant income restrictions are proposed to be at 30% and 50% AMI.

PED Credit Committee Review

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

Compliance

The following compliance may 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, Section 3 and Business Subsidy.

Green/Sustainable Development

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

Environmental Impact Disclosure

N/A

Historic Preservation

This project will not require HPC PED Staff review. However, a HUD 106 review has been completed.

Public Purpose/Comprehensive Plan Conformance

This project's purpose aligns with the Comprehensive Plan, promoting housing and community development along a significant neighborhood corridor. This project meets the following goals established in the City's 2008 Comprehensive Plan:

Housing 2.18. – Support the expansion of housing choices for seniors, particularly in neighborhoods that are underserved. *(This property is within an identified Area of Concentrated Poverty with over 50% people of color.)*

Land Use 1.2. – Permit high density residential development in Neighborhood Centers, Mixed-Use Corridors, the Central Corridor, and Downtown. *(This property is within a Mixed-Use Corridor as well as the Stryker-George Neighborhood Center.)*

This project also meets the following goals of the West Side Community Plan:

H1.1 – Develop rental housing options appropriate to a commercial corridor, incorporating a variety of options accessible to all income levels.

H1.5 – Develop additional senior housing options so elders can stay in this community when they can no longer stay in their home.

Recommendation:

The Executive Director recommends approval of the attached resolution designating NeDA as tentative developer from the approval of the attached HRA resolution until December 31, 2020 to allow them time to secure financing, complete a scope of work, and finalize construction costs.

Sponsored by: Commissioner Rebecca Noecker

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

Attachments

- **Project Summary**
- **Map**
- **Sources and Uses**
- **Public Purpose**
- **District 3 Profile**