

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

**REPORT TO THE COMMISSIONERS**

**DATE: APRIL 24, 2019**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING EXECUTION  
OF A DEVELOPMENT AGREEMENT FOR THE SALE AND  
DEVELOPMENT OF HRA-OWNED PARCELS KNOWN AS THE  
SAXON FORD SITE TO FROGTOWN MEADOWS, LLC  
DISTRICT 7, WARD 1**

## **Requested Board Action**

The purpose of this report is to request the Saint Paul Housing and Redevelopment Authority (“HRA”) Board of Commissioners to approve the attached resolution giving approval of a Development Agreement with Frogtown Meadows, LLC (the “Developer”), a limited liability corporation controlled by Hmong American Partnership (“HAP”), for the sale and development of an HRA-owned parcels at the northwest corner of University Avenue and Galtier Street (“Saxon Ford Site”).

## **Background**

The HRA of the City of Saint Paul applied for, and was awarded, \$1,000,000 from the Metropolitan Council’s Land Acquisition for Affordable New Development (LAAND) program in 2008. The HRA used these LAAND funds to purchase the Saxon Ford Site. The LAAND funds were to be used to assemble land along the Central Corridor for future affordable housing development. Land was to be acquired within the first year following the award and the site developed within the subsequent five years. The HRA and Met Council closed on the loan in September of 2009, and shortly thereafter the HRA used the money to purchase five parcels on University and Sherburne, just west of Galtier; one additional parcel had previously been acquired by the HRA. See the attached Site Map.

In November 2012, the Met Council authorized their staff to consider converting the LAAND loan into a forgivable loan. At that time, given the difficult site characteristics, there was not an active project and none of the terms had been met by the HRA. The terms under which the loan

would be forgiven included the original requirement that an affordable housing project be constructed which met the intent of the original loan agreement.

From February to June 2014, the District 7 Planning Council and LISC undertook a Corridor Development Initiative process to determine what sort of development would be both acceptable to the neighborhood and financially feasible. Area residents were accepting of an assisted-living facility, but were less in favor of a traditional affordable housing development given the large amount of affordable housing that already existed in the neighborhood. HRA staff released a Request for Interest for the Property in May of 2015, and HAP's proposal was chosen in November of the same year. Tentative developer status was granted to HAP on September 28, 2016, by HRA Resolution 16-1586 for the construction of a 50-unit assisted-living facility with memory care, and a separate two-story commercial building at the corner of University and Galtier (the "Project").

The Property purchased with LAAND funds is encumbered by a Declaration of Covenants, Conditions and Restrictions (Covenants). The Covenants require that 20% of the affordable housing located on site must be affordable to households at 60% of AMI, with the units being restricted for a period of 15 years. Many of the assisted living units will involve public pay, which is a County subsidy designed to assist very low-income seniors, or those with no income, with housing costs and care. The Developer has agreed to restrict 30% of the units (15 units) to public pay to ensure that those units would qualify under LAAND requirements.

It is the Developer's intent to construct a new commercial building at the corner of University and Galtier as the Phase II part of this project. Specific users have yet to be identified.

The Development Agreement between the HRA and the Developer will contain the following terms and conditions related to the sale of the Site:

1. In addition to the normal contingencies related to environmental, geotechnical, and financial due diligence, the Developer will have contingencies related to its ability to obtain necessary City approvals for the Project.

2. The Developer acknowledges that the HRA will be selling the Site on an “as is” “where is” basis.
3. The Developer has submitted Design Drawings to be approved by the HRA as part of the Development Agreement.
4. The HRA will have final approval of Construction Plans of the Project.
5. 30% of units (15 in this case) will need to be affordable and constructed before September 30, 2022 as part of Phase I. The Phase II commercial building will need to be completed by September 30, 2023.

The property is currently zoned T2 – Traditional Neighborhood, and the proposed project is permitted in this district.

#### **Budget Action**

No budget action is required for this sale.

#### **Future Action**

None

#### **Financing Structure**

The total cost for the assisted living facility will be \$6,575,000, all of which will be privately financed. The only public subsidy being requested for the Project is a land write-down to \$1 from the property’s appraised value of \$980,000. The land write-down is needed to secure the private investment necessary to fully fund this project.

#### **PED Credit Committee Review**

Credit Committee review is not a requirement for the sale of the Property.

#### **Compliance**

The Developer acknowledged the following City/HRA compliance documents (“Compliance Documents”) that will be applicable for this Project:

- Labor Standards

- Vendor Outreach
- Affirmative Action
- Business Subsidy
- Living Wage
- Two-bid Policy

### **Green/Sustainable Development**

The Project will require compliance with the Sustainable Building Policy since the land write-down is greater than \$200,000.

### **Environmental Impact Disclosure**

Not applicable

### **Historic Preservation**

Not applicable

### **Public Purpose/Comprehensive Plan Conformance**

The Project will:

- generate private investment and create at least 12 living-wage jobs easily accessible by transit; and
- increase the City's tax base by returning tax-exempt property back to the tax rolls.

The Project is consistent with the Housing Chapter of the Saint Paul Comprehensive Plan in that it increases housing choices for seniors who need assistance with daily needs in a neighborhood that is currently underserved (strategies 1.1 and 2.18). In addition, the proposal is consistent with the Rice Street Station Area Plan. The location of the project is in the new urban infill block character area of the station area plan, which is intended to be a gateway to the Capitol complex. Infill at this location will address a significant gap in the streetscape, creating a more vibrant connection to the station.

**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 in District 7, Ward 1 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 April 13, 2019. 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:

<b><u>Property Description</u></b>	<b><u>Purchaser</u></b>	<b><u>Purchase Price</u></b>
253 University Ave (362923140111)	Frogtown Meadows, LLC	\$1.00
255 University Ave (362923130200)		
263 University Ave (362923130196)		
250 Sherburne Ave (362923140110)		
256 Sherburne Ave (362923140116)		
262 Sherburne Ave (362923130216)		

**Recommendation:**

The Executive Director recommends approval of the attached resolution, approving the sale of the HRA-owned parcels known as the Saxon Ford Site.

**Sponsored by:** Commissioner Thao

**Staff:** Rick Howden, 651-266-6555

**Attachments**

- **Legal Description**
- **Map**
- **Site Plan**
- **DRAFT Development Agreement**
- **District 7 Profile**