

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 10, 2020

**REGARDING: AUTHORIZATION TO DESIGNATE JO COMPANIES, LLC, AS
TENTATIVE DEVELOPER OF 520 PAYNE AVENUE, DISTRICT
5, WARD 7**

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 JO Companies, LLC (“JO Companies”) as tentative developer of 520 Payne Avenue from June 10, 2020 to July 1, 2021 in order to finalize financing, construction costs, and approvals to construct an affordable housing development on the property.

Background

The HRA acquired 520 Payne Avenue (32.29.22.24.0086) from Standard Truck on November 25, 2003 for purchase price of \$655,000.00 (CDBG Funds). The property was not acquired via eminent domain.

In September 2018, staff received a proposal from JO Companies and a proposal from Dayton’s Buff Neighborhood Housing Services (DBNHS). Both developers requested to purchase the property and construct a multi-family affordable housing building on the site.

After reviewing both proposals, staff is recommending JO Companies for tentative developer status. JO Companies has experience in housing development.

JO Companies proposes to construct a four-story building with 60 housing units and 60 underground parking spaces. The proposed housing will consist of 9 one-bedroom, 37 two-bedroom units and 14 three-bedroom units. The projected rents and income restrictions are proposed to be affordable at 60% AMI.

The property is currently zoned I-1 – Industrial. JO Companies will need to rezone the property to an appropriate zoning that will allow the proposed multifamily development.

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 to include public financing and hold a public hearing to sell 520 Payne Avenue to JO Companies.

Financing Structure

Tentative developer status will allow JO Companies time to pursue financing for the project to include tax increment financing, housing revenue bonds, and 4% low income housing tax credits. The estimated total development cost for this project is \$18,542,360. The current estimated financial gap for the project is \$1,342,767. JO Companies will be requesting financial assistance from the HRA and other funding partners to help fill this gap. JO Companies is also requesting that the HRA sell the property for \$430,000. This is the estimated value of the parcel from Ramsey County.

PED Credit Committee Review

PED Credit Committee will review this project prior to any future HRA Board action for financial assistance from the HRA.

Compliance

The following compliance requirements may apply to this project: Vendor Outreach Program, Affirmative Action, Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Two-Bid Policy, Project Labor Agreement, Living Wage, and Sustainability Policy.

Green/Sustainable Development

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

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

Housing

The proposal is in conformance with the Comprehensive Plan. The 2030 Comprehensive Plan, currently in effect, designates the site for Industrial, but also as an Opportunity Site that allows for intensification through redevelopment to uses such as proposed. The 2040 Comprehensive Plan, currently under Metropolitan Council review, designates the site as Urban Neighborhood and within a Neighborhood Node, which together encourage multi-family residential uses with transit-supportive density. The Railroad Island Plan Summary (2007) calls for “working with the community to explore potential uses” in this area, “including the possibility of purchasing State Supply to allow for the creation of a more attractive gateway to the area.”

Recommendation:

The Executive Director recommends approval of the attached resolution designating JO Companies as tentative developer for a period commencing on June 10, 2020 to July 1, 2021 to allow them time to meet with the community, secure financing, complete a scope of work, and finalize construction costs.

Sponsored by: Commissioner Jane Prince

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

Attachments

- **Map**
- **District 5 Profile**