

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

**REPORT TO THE COMMISSIONERS**

**DATE: JULY 22, 2020**

**REGARDING: AUTHORIZATION TO ACQUIRE TAX FORFEITED PARCEL LOCATED AT  
705 EAST 7<sup>TH</sup> STREET TO CONVEY TO DAYTON'S BLUFF  
NEIGHBORHOOD HOUSING SERVICES IN DISTRICT 4, WARD 7.**

## **Requested Board Action**

Authorization for the HRA to acquire and to convey to Dayton's Bluff Neighborhood Housing Services, the following tax forfeited parcels for redevelopment consistent with the terms of Ramsey County HRA Resolution B2017-274 and the City of St Paul HRA Resolution 14-867:

- 705 East 7<sup>th</sup> Street in Ward 7, Payne-Phalen District 4.

## **Background**

Tax-forfeited land is property that has been turned over to the state due to unpaid property taxes. The tax-forfeited land program is intended to make this state-owned land productive, taxable property again. Ramsey County administers this process for the state, offering tax forfeit properties within the city of Saint Paul to the Saint Paul HRA for affordable housing redevelopment before the properties are offered for sale through auction. Under the terms of Ramsey County HRA Resolution B2017-274, properties acquired for affordable housing purposes can be purchased at 25% of the assessed value plus maintenance costs and recording fees. The Saint Paul HRA and Saint Paul developers have utilized this provision for several years to reactivate vacant homes and land and produce affordable housing in Saint Paul neighborhoods.

Dayton's Bluff Neighborhood Housing Services plans to develop the tax forfeit property located at 705 East 7<sup>th</sup> Street with a three story building with twenty affordable housing units. The building will consist of 4 three bedroom, 13 two bedroom and 3 one bedroom units along with 24 underground parking stalls.

The Saint Paul HRA will acquire the properties from Ramsey County under the terms of Ramsey County Resolution B2017-274 and the City of St. Paul HRA Resolution 14-867, and subsequently sell the properties to Dayton's Bluff Neighborhood Housing Services with the same requirements for performance and affordability.

- Dayton's Bluff Neighborhood Housing Services will complete the project within the three year time period required by Ramsey County.
- The City of Saint Paul Housing and Redevelopment Authority will record a 30 year deed restriction on this property. The deed restriction will require Dayton's Bluff Neighborhood Housing Services to : 1) to rent at least 20% of the Property's units to persons or families whose household incomes at the time of their written application to lease any unit does not exceed 60% of the area median income as adjusted for family size; and 2) rents for those low income units cannot exceed 30% of 60% of the area median income as adjusted for family size. If in subsequent years the household income for a family increases to more than 80% of the area median income as adjusted for family size, the Owner may convert the rent to "Fair Market" rent as established by the U.S. Department of Housing and Urban Development. If this conversion occurs, "Fair Market" rent will continue even if the household income subsequently decreases below the 80% threshold. If Dayton's Bluff Neighborhood Housing Services sells the property, the new owners will be required to keep the building affordable during the 30 year restricted period.

Dayton's Bluff Neighborhood Housing Services is a non-profit organization established in 1980 to reinvest in and revitalize the neighborhood with a primary focus on supporting homeownership through construction and rehabilitation of affordable homes.

On June 8, 2016, the HRA held a public hearing to convey the property to Dayton's Bluff Neighborhood Housing Services and authorized this acquisition and sale. Because of the lapse of time, Ramsey County HRA is requesting a new resolution from the HRA that reaffirms its willingness to participate in the conveyance of the parcel.

**Budget Action**

DBNHS has identified resources to acquire the property. It is possible that they will apply to the City and/or HRA for resources for the development project which would be a separate review process and budget action at a later date.

**Future Action**

N/A

**Financing Structure**

Dayton's Bluff Neighborhood Housing Services will provide their own funds to acquire this parcel for \$20,750. Ramsey County discounts the market purchase price of the property by 75% for developers willing to maintain ownership with qualified affordable owners/renters.

**PED Credit Committee Review**

NA

**Compliance**

The developer will be required to comply with all laws and regulations and the City of Saint Paul's affirmative action ordinance (Chapter 183 of City's Legislative Code) and Vendor Outreach Program (Chapter 84 of City's Administrative Code).

**Green/Sustainable Development**

NA

**Environmental Impact Disclosure**

NA

**Historic Preservation**

NA

**Public Purpose/Comprehensive Plan Conformance**

The property being acquired for housing use support all three strategies of the Housing Chapter of the City's Comprehensive Plan: 1) Build on Saint Paul's strengths in the evolving metropolitan housing market; 2) Preserve and promote established neighborhoods; and 3) Ensure the available of qualify and affordable housing across the City.

**Recommendation:**

Staff recommends approval for the HRA to acquire the tax forfeit parcel located at 705 East 7<sup>th</sup> Street and convey to Dayton's Bluff Neighborhood Housing Services for a new construction multi-unit affordable housing development.

**Sponsored by:** Commissioner Jane Prince

**Staff:** Daniel K. Bayers, 651-266-6685

See J Yang, 651-266-6607

**Attachments**

- Ramsey County HRA Resolution B2017-274
- City of St. Paul HRA Resolution 14-867
- Map
- District 4 Profile
- MOU
- Site Plan