

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

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 23, 2020

REGARDING: AUTHORIZATION TO ACQUIRE TAX FORFEITED PARCEL 612 WELLS STREET TO CONVEY TO DAYTON'S BLUFF NEIGHBORHOOD HOUSING SERVICES FOR NEW CONSTRUCTION; TO ACQUIRE TAX FORFEITED PARCEL LOCATED AT 390 FRY STREET AND CONVEY TO NEXT 7TH PROPERTIES, LLC FOR NEW CONSTRUCTION; AND TO ACQUIRE TAX FORFEITED PARCEL LOCATED AT 1179 SEMINARY AVENUE AND CONVEY TO COMMUNITY ACTION PARTNERSHIP OF RAMSEY AND WASHINGTON COUNTIES FOR NEW CONSTRUCTION, IN DISTRICTS 5, 13 AND 11, WARDS 6 AND 4.

Requested Board Action

Authorization to acquire tax forfeited parcels located at 1) 612 Wells Street and convey to Dayton's Bluff Neighborhood Housing Services for new construction; 2) 390 Fry Street and convey to Next 7th Properties, LLC for new construction; and 3) 1179 Seminary Avenue and convey to Community Action Partnership of Ramsey and Washington Counties for new construction, all for the development of affordable housing consistent with Ramsey County HRA Resolutions B2017-274 and B2019-202 and the City of Saint Paul HRA Resolution 14-867, Districts 5, 13 and 11, Wards 6 and 4.

Background

Tax-forfeited land is property that has been turned over to the state due to unpaid property taxes. Ramsey County administers a resale process for the state, offering tax forfeit properties for sale to restore them to active, taxable use. Before these properties are offered for sale through auction, those within Saint Paul are offered to the Saint Paul Housing and Redevelopment Authority ("HRA") for affordable housing redevelopment. Saint Paul HRA offers these properties to community development partners for affordable housing development, following the terms of Ramsey County HRA Resolutions B2017-274 and B2019-202 and Saint Paul HRA Resolution 14-867.

Properties acquired for affordable housing purposes can be purchased at 25% of the assessed value plus maintenance costs and recording fees. When community development partners acquire properties for affordable housing, the Saint Paul HRA passes through the property at cost with Ramsey County's terms and conditions. The 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.

In late 2019, Ramsey County provided the Saint Paul HRA a list of available tax forfeit properties that were offered to community development partners for assessment and due diligence. After a due diligence period, developers have reaffirmed their interest in acquiring a few of these properties to develop affordable housing. HRA staff recommends acquiring three vacant, tax forfeit properties for sale for affordable housing development to Dayton's Bluff Neighborhood Housing Services (612 Wells), Next 7th Properties, LLC (390 Fry) and Community Action Partnership of Ramsey and Washington Counties (1179 Seminary). Each developer will provide their own financing for the projects and complete the projects within the time period required by Ramsey County. The developers will be required to sell or rent the property to a household with a household income at or below 80% of Area Median Income. The property must remain affordable at this level for at least seven years. The ownership, occupancy and income conditions and restrictions are passed on to any subsequent owners during these seven years.

Development partners

- Dayton's Bluff Neighborhood Housing Services (DBNHS) is a nonprofit corporation established in 1980. DBNHS has extensive experience developing and rehabilitating properties for income-restricted affordable housing.
- Next 7th Properties, LLC is a limited liability company established in 2012 by Shawn Devine. Mr. Devine is a real estate investor and developer who owns and manages Superior Senior Living cottages (formerly Lynblomsten's Superior Senior Cottages) and the Townhomes at Victoria Park.
- Community Action Partnership of Ramsey and Washington Counties (CAPRW) is a non-profit organization established in 1965. CAPRW provides community services for low-income residents including home weatherization, food assistance, early childhood

education and car repair grants. CAPRW has owned commercial property for over 20 years. More recently, the organization has acquired a handful of residential properties to provide affordable rental housing along with their other services to residents. CAPRW currently owns three rental residential properties in suburban Ramsey and Washington Counties with a total of five units. This property will be their first in Saint Paul.

Budget Action

No HRA subsidy is required for any of these investments. Therefore, there is no budget action.

Future Action

NA

Financing Structure

NA

PED Credit Committee Review

NA

Compliance

NA

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 2030 adopted 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.

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 located in the Wards and Districts listed below 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 Saturday, September 13, 2020. 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 properties described below to Dayton's Bluff Neighborhood Housing Services, Next 7th Properties, LLC and Community Action Partnership of Ramsey and Washington Counties for new construction consistent with the terms of Ramsey County HRA Resolution B2017-274 and the City of St. Paul HRA Resolution 14-867.

- Legal description: Lot 7, Stinson's Subdivision of Block 36 of Arlington Hills Addition to St. Paul; 612 Wells Street in Ward 6, Payne-Phalen District 5 Purchase price: \$14,000
- Legal description: Lot 21, Block 2, Milham Park; 390 Fry Street in Ward 4, Union Park District 13 Purchase Price: \$29,000
- Legal description: Lot 26, Block 3, Gilbert's Addition; 1179 Seminary Avenue in Ward 4, Hamline-Midway District 11 Purchase price: \$40,000

"Public attendance at the HRA's regular meeting location is not feasible due to the COVID-19 health pandemic. Members of the public may view HRA meetings online or on local cable channel 18. The public may comment on public hearing items in writing or via voicemail. Any comments and materials submitted by 12:00 pm of the day before the meeting will be attached to the public

record and available for review by the Board. Were any comments submitted regarding this sale? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

Staff recommends approval for the HRA to acquire and convey 612 Wells Street to Dayton’s Bluff Neighborhood Housing Services for new construction; 390 Fry Street to Next 7th Properties, LLC for new construction; and 1179 Seminary Avenue to Community Action Partnership of Ramsey and Washington Counties, all for new construction of affordable housing.

Sponsored by: Commissioner Jalali

Staff: See J Yang 651.266.6607

Attachments

- **Ramsey County HRA Resolutions B2017-274 and B2019-202**
- **City of St. Paul HRA Resolution 14-867**
- **Maps**
- **District Profiles**