



Legislation Text

File #: RES PH 16-99, **Version:** 1

Resolution Approving and Authorization the Entrance into a Development Agreement, the Approval of a Budget Amendment to Allocate up to \$2.2 Million in Project funding, and the Sale and Conveyance of Property at 389 and 425 Maryland Avenue, District 6, Ward 5

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes section 469.001 et. Seq.; and

WHEREAS, the HRA has the power to engage in development or redevelopment activities under Minnesota law; is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, and (e) improving the tax base and the financial stability of the community, when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and is authorized to create redevelopment projects as defined in Minnesota Statutes section 469.002, subd. 14; and

WHEREAS, in 2005 Sparc proposed to purchase the property at 389 and 425 Maryland Avenue West for the purpose of constructing 36 for-sale townhomes and sought financing from the HRA and Greater Metropolitan Housing Corporation ("GMHC"); and

WHEREAS, on August 30, 2005, as lenders for the property acquisition, the HRA and Greater Metropolitan Housing Corporation ("GMHC") executed a parity agreement to protect their indebtedness; and

WHEREAS, upon Sparc's default, the HRA took a deed in lieu of foreclosure for the property with the understanding that any sales proceeds would be subject to the parity agreement; and

WHEREAS, as the HRA intends to write down the cost of the land in an effort to minimize the development subsidy, the HRA obtained an appraisal of the property based on a medium density housing development thereby establishing the parity basis; and

WHEREAS, on August 30, 2013, pursuant to its Policy and Procedures for Disposition of HRA Owned Real Estate (the "Policy"), the HRA, issued a Request for Interest for the now HRA-owned property. After an extensive public process, a proposal submitted by Twin Cities Habitat for Humanity ("Habitat") for an owner-occupied single family development was selected; and

WHEREAS, on April 8, 2015 by Resolution 15-605, Habitat was designated as Tentative Developer for 389-425 West Maryland Avenue until December 31, 2016; and

WHEREAS, Twin Cities Habitat for Humanity has requested financial assistance in the amount of up to \$1,700,000 for the project as value gap subsidy and infrastructure construction; and

WHEREAS, the HRA Board determines that there is a public purpose in paying GMHC their parity share of \$443,676.68 based on the property's market value and assisting Habitat with project financing for development gap subsidy; and,

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment

Authority of the City of Saint Paul, Minnesota, that:

1. The HRA hereby approves the budget amendment found as Attachment A to this Resolution.
2. The HRA Board finds that the proposed sale is for a proper purpose and in accordance with law, and hereby approves the sale to Habitat for Humanity of 389 and 425 Maryland Avenue West, legally described as:

The south 275 feet of the east ½ of Lot 41 and the west 214 feet of Lot 42, Cottage Homes, Ramsey County, Minnesota (389 Maryland Avenue West)

That part of the west ½ of Lot 41, Cottage Homes, lying south of the north 390 feet thereof, Ramsey county, Minnesota (425 Maryland Avenue West)

3. The HRA authorizes and directs the HRA Executive Director to negotiate and execute a conforming development agreement and other required documents on behalf of the HRA provided that such agreement and documents are acceptable in form and substance to the Saint Paul City Attorney.
4. The HRA hereby approves payment to GMHC in the amount of \$443,676.68 in accordance with the parity agreement.