



## Legislation Text

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**File #:** Min 13-26, **Version:** 1

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### ROLL CALL

Present: Commissioners Bostrom, Brendmoen, Carter, Lantry, Stark, Thune, Tolbert

### CONSENT

1. Approval of the June 12, 2013 HRA meeting minutes.

Commissioner Carter moved approval.

**VOTE:           Yeas - 7                   Nays - 0**

2. Resolution Appointing Recording Secretary of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

Commissioner Carter moved approval. Approved as set forth in resolution RES 13-868.

**VOTE:           Yeas - 7                   Nays - 0**

3. Resolution Authorizing Acquisition of Tax Forfeited Properties; West Side District 3, Ward 2 and Payne Phalen District 5, Ward 6.

Commissioner Carter moved approval. Approved as set forth in resolution RES 13-941.

**VOTE:           Yeas - 7                   Nays - 0**

### PUBLIC HEARING

4. Resolution Authorizing Sale and Conveyance of a Property Located at 670 Thomas Avenue, Located in Frogtown Planning District 7, Ward 1, to Greater Frogtown Community Development Corporation.

Ms. Cecile Bedor, Executive Director for the HRA, stated the HRA purchased 670 Thomas Avenue in December 2009 with NSP funds for \$34,000. While the intent was to renovate the building, after further investigation, staff concluded it should be demolished; the demolition was completed last year. Greater Frogtown Community Development Corporation would like to purchase the property and build a single family home on the lot. Their proposal was published in the ENS system and no other proposals were received. The total HRA investment in this property to date is \$58,848, including acquisition, transaction, demolition costs, etc.; the property will be sold to Greater Frogtown CDC for this amount via note and mortgage which will be forgiven upon successful development of the house and sale to a qualified buyer.

TDC is \$322,248. Sources include Frogtown Flexible Fund, MHFA CRVE and \$50,000 from the Twin Cities Community Land Bank.

Commissioner Lantry questioned the sources to pay for the project. She inquired if the Affordable Housing Trust Fund (AHTF) as a financing source will be used for all of the associated projects.

Ms. Bedor reminded the Board of their previous action in which the HRA approved a \$500,000 grant from the AHTF to the Twin Cities Community Land Bank (Land Bank) to help redevelop NSP houses in

the Living Cities service area. Ms. Bedor state that the Land Bank is doing what the HRA board approved: working with community partners to develop NSP properties, utilizing the Living Cities construction financing, and providing permanent subsidies with the AHTF dollar.

Commissioner Lantry noted that she did not believe the HRA Board clearly understood that the \$500K would only be used on NSP houses in the Living Cities service area. Ms. Bedor offered to brief the Board again, and go through the staff board report and related resolution of the previous board action. Commissioner Lantry noted that that would not be necessary. She did express concern that there was no private equity in the deal.

Chair Thune announced the public hearing. There being no testimony, Commissioner Carter moved to close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 13-148.

**VOTE:            Yeas - 7                            Nays - 0**

5. Resolution Approving the Sale of Land and Conveyance of Parcel 863 Fuller Avenue under the ISP/NSP Program, Summit-University, District 8, Ward 1.

Ms. Bedor stated the HRA purchased 863 Fuller Ave in March 2010 with NSP funds for \$102,900. This foreclosed, two-story, 1,630 square foot home with four bedrooms and one bathroom was built in 1903. The property is being sold to Mathias Langhorst for \$162,000 with an owner-occupancy deed restriction. Total gap assistance is \$187,238 with program income estimated at \$144,500.

Chair Thune announced the public hearing. There being no testimony, Commissioner Carter moved to close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 13-146

**VOTE:            Yeas - 7                            Nays - 0**

6. Resolution Approving the Sale of Land and Conveyance of Parcel 393 Hatch Avenue under the ISP/NSP Program, North End, District 6, Ward 5.

Ms. Bedor stated the HRA purchased 393 Hatch Ave in November 2009 with NSP funds for \$62,000. This foreclosed, one-story, 1,075 square foot home with two bedrooms and one bath was built in 1919. The property is being sold to Sean Michel for \$131,333 with an owner-occupancy deed restriction. Total gap assistance is \$78,360 with program income estimated at \$115,833.

Chair Thune announced the public hearing. There being no testimony, Commissioner Brendmoen moved to close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 13-145.

**VOTE:            Yeas - 7                            Nays - 0**

7. Resolution authorizing sale and conveyance of properties located at 431Charles, located in Frogtown Planning District 7, to Urban Homeworks, Inc.

Ms. Bedor stated the project manager was out ill the day that public hearing notices had to go out. In an effort to help, other PED staff published the public hearing with this item, and the next agenda item, item 8 - 462 Edmund, as two separate projects, when in fact the two are one project. Since they were published as two separate items, the Board will need to act on them separately, but Ms. Bedor noted she will present this item and item 8 (462 Edmund) together now.

The HRA purchased the home at 431 Charles Avenue in Sept 2009 with NSP funds for \$21,000; the intent was to demolish the house and facilitate the construction of a new home. Demolition has been

completed, and total HRA investment to date on this property is \$46,194.47.

The HRA purchased the home at 462 Edmund Avenue in November 2009 with NSP funds for \$62,500; the intent was to demolish the house and facilitate the construction of a new home. Demolition has been completed, and total HRA investment to date on this property is \$85,219.31. Total investment in these two properties to date is \$131,400.

Staff is proposing to sell both properties to Urban Homeworks, who will build a new single family home on each lot. They will partner with Goodwill/Easter Seals, who will serve as the General Contractor. This is a partnership that PED and HREEO have been working on to help facilitate increased employment by those who qualify as Section 3. HREEO is providing a \$200,600 grant to Goodwill/Easter Seal's to increase the capacity of their Construction Skills Training Program. The source of this funding is HREEO's HUD Section 3 Implementation Fund. The grant will roughly double the size of the Goodwill/Easter Seals program. HREEO chose to partner with Goodwill because of previous training success and its strategic location; their training facility is located just off the University and Fairview intersection. Staff published the proposal for these two properties on ENS and no other proposals were received.

The HRA is proposing to sell both properties to Urban Homeworks for the full cost of the HRA investment to date which is a \$131,413 via a note and mortgage; this will be forgiven once the houses are built and sold to a qualified buyers.

Commissioner Lantry inquired about the soft cost and development fee of \$62,000, expressing concern that this was much higher than is the case for other NSP properties; she noted she wants to understand the costs and why they differ. Ms. Bedor said that she will get the detailed breakdown of these costs vis-à-vis other NSP properties and review them with her. She noted that delaying action on this, and the next item (item 8 - 462 Edmund) was not a problem.

Commissioner Carter moved to lay over this item until the next HRA meeting on July 10, 2013 at 2:00pm.

**VOTE:            Yeas - 7                            Nays - 0**

8. Resolution authorizing sale and conveyance of properties located at 462 Edmund Avenue, located in Frogtown Planning District 7, to Urban Homeworks Inc.

Commissioner Carter moved to lay over this item until the next HRA meeting on July 10, 2013 at 2:00pm.

**VOTE:            Yeas - 7                            Nays - 0**

9. Authorization to Convey Property at 794 Capitol Heights to Leah Kwok, Owner of Adjacent Property at 792 Capitol Heights for Sideyard, Thomas Dale District 7, Ward 1.

Ms. Bedor stated the HRA acquired 794 Capitol Heights via tax forfeit in in 1987. The substandard house on the site was demolished, leaving a very small, 25' x 105' vacant lot. The adjacent owner, Leah Kwok at 792 Capitol Heights, would like to acquire 794 Capitol Heights and combine it with her property to build a garage and have a small sideyard. This qualifies for disposition under the Guidelines for Disposition of Splinter Parcels.

The purchase price is the tax market value established by Ramsey County for 2013 and 2014 which is \$500. All costs related to the conveyance will be the responsibility of the buyer.

Chair Thune announced the public hearing. There being no testimony, Commissioner Carter moved to

close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 13-154.

**VOTE:            Yeas - 7                    Nays - 0**

10. Resolution Authorizing Entering into a Development Agreement and Approve the Conveyance and Sale of Land to Twin Cities Habitat for Humanity, Inc..for Property Located within ISP/NSP Neighborhoods, Frogtown District 7, Ward 1, Identified as 510 Edmund Avenue

Ms. Bedor stated 510 Edmund was acquired by the HRA in 2009 with NSP funds for rehab. In 2011, staff concluded that it should be demolished, and demolition is now complete.

Twin Cities Habitat for Humanity, Inc. is a community leader providing home ownership opportunities to families with incomes at or below 50% of area median income. They want to buy the site, and build a new home for affordable owner-occupancy.

Staff is proposing to sell the property to Habitat for the amount of HRA investment in the property, which is \$48,980. This will be reflected in a note and mortgage and forgiven upon completion and sale to a qualified buyer. Habitat will utilize in-kind donations, internal funds, and sponsorships to finance the construction of the home, and will also provide permanent financing to the new homebuyer. The home will remain affordable at 50% of median income for 15 years; there will an owner-occupancy deed restriction.

Chair Thune announced the public hearing. There being no testimony, Commissioner Carter moved to close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 13-161.

**VOTE:            Yeas - 7                    Nays - 0**

11. Resolution Giving Preliminary Approval to the Proposed Issuance of Conduit Revenue Bonds for the District Heating Project under Minnesota Statutes, Sections 469.152 through 469.1655.

This and the next item deal with the issuance of conduit bonds for District Energy (DE) and District Cooling (DC). These are two separate legal entities, and thus two borrowers. This action (agenda item 11) pertains to District Energy, which provides hot water district heating services to almost 200 buildings, with over \$31 million square feet in downtown Saint Paul.

In 1982, the HRA issued \$30.5 million in conduit revenue bonds and the city provided subordinated loans to help finance DE's commencement of operations. The HRA subsequently issued bonds on behalf of DE throughout the 1990's. The Port Authority issued bonds for DE in the 2000's, which included refunding the bonds previously issued by the HRA. This proposed conduit bond issuance will refund all outstanding Port Authority bonds, repay the city's subordinate loan, and provide approximately \$5.3 million to finance plant and distribution costs.

DE has initiated a request to the city's Office of Financial Services to extend the Franchise and approve the loan repayment. The City Council will take action in July to establish the negotiating committee regarding the franchise extension. The HRA is seeking preliminary approval today, and staff expect to come back to you in August for final approval; that approval will note that the bonds cannot be issued until the franchise ordinance is adopted by the City Council.

Again, this is a conduit bond issue, and as such does not create any liability or payment obligation whatsoever for the city or the HRA.

Commissioner Stark inquired about the balance of loan being repaid, which Ms. Bedor stated is around

\$9 million.

Chair Thune announced the public hearing. There being no testimony, Commissioner Stark moved to close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 13-149.

**VOTE:            Yeas - 7                    Nays - 0**

12. Resolution Giving Preliminary Approval to the Proposed Issuance of Conduit Revenue Bonds for the District Cooling Project under Minnesota Statutes, Sections 469.152 through 469.1655.

Ms. Bedor stated that District Cooling (DC) provides chilled water district cooling services to over 100 buildings, totaling over 19 million square feet of building area in downtown Saint Paul. In 1991 and continuing throughout the 1990's, the HRA issued over \$33 million in conduit revenue bonds to help finance DC's commencement of operations. The Port Authority issued the bonds in the 2000's, which included refunding the bonds previously issued by the HRA. The proposed bond issuance will refund all outstanding Port Authority bonds and provide approximately \$6.7 million to finance plant and distribution costs.

Ms. Bedor noted that as with the District Energy action, staff is seeking preliminary approval today, and expects to come back to the Board in August for final approval; that approval will note that these conduit bonds cannot be issued until the franchise ordinance is adopted by the City Council.

Ms. Bedor stated this was a conduit bond issue, and as such does not create any liability or payment obligation whatsoever for the City or the HRA.

Commissioner Stark inquired about the \$9 million loan. Ms. Bedor stated that that loan was only provided/ to District Energy.

Chair Thune announced the public hearing. There being no testimony, Commissioner Tolbert moved to close the public hearing and approve the resolution. Approved as set forth in resolution RES PH 13-151.

**VOTE:            Yeas - 7                    Nays - 0**

## **ADJOURNMENT**

Commissioner Bostrom moved adjournment. The HRA meeting was adjourned.