



Legislation Text

File #: Min 14-8, **Version:** 1

Approval of the January 22, 2014 HRA Meeting Minutes.

ROLL CALL

Present: Commissioner Brendmoen, Lantry, Stark, Thune, and Tolbert

*Absent: Commissioner Bostrom and Commissioner Thao

CONSENT

1. Approval of the January 8, 2014 HRA meeting minutes.

Commissioner Lantry moved approval. The HRA meeting minutes were approved.

VOTE: Yeas - 5 Nays - 0

2. Resolution Approving and Authorizing Execution of a Workout Agreement for a Loan Made to 4DJ, LLC, For Property located at 281-285 N. Snelling, District 13, Ward 4.

Commissioner Lantry moved approval. Approved as set forth in resolution RES 14-144.

VOTE: Yeas - 5 Nays - 0

**Commissioner Bostrom and Commissioner Thao arrived.*

PUBLIC HEARING

3. Resolution Approving and Authorizing the Sale and Conveyance of Twenty Seven Properties under the Inspiring Communities Program; Authorization to Enter into Development Agreements; and Authorization of Expenditures for Redevelopment under the Saint Paul Housing and Redevelopment Authority's Disposition Strategy. Citywide.

Ms. Cecile Bedor, HRA Executive Director, reminded the commissioners that in July 2013, the HRA Board approved the Disposition Work Plan (DWPB), and subsidy budget of \$5,060,642, to be utilized over time, as part of PED's Inspiring Communities work. As contemplated in that action, the Plan prioritizes subsidy to address two categories of the DWPB: Cluster Area Parcels and Parcels with Obligations.

Ms. Bedor stated that in October 2013, the HRA Board approved key terms of the Inspiring Communities Homeowner Program and Rental Program manuals, and the scoring criteria for the Inspiring Communities RFP. The first RFP under this Plan was issued in October 2013 for 77 HRA-owned properties. Responses were received from 14 developers for 41 properties. Twelve property applications were disqualified for various reasons. The remaining 29 proposals were analyzed and ranked. Funding is available to address 27 of the 29 properties, all of which will house owneroccupants. Ms. Bedor went on to recommend that the HRA Board approve the sale of the properties as listed in the board report for this item, and approve a total value gap expenditure of \$2,465,351.46 from the approved \$5,060,000 budget.

Ms. Bedor noted that financing provided to awardees will be secured with a note and mortgage at 0% interest; at the time the property is sold to a homeowner, the value gap loan will be forgiven.

Funds will be issued to the developers at specific benchmarks and the final disbursement won't be issued until the property has been sold to a homeowner and all expenditures can be reconciled.

Ms. Bedor stated the funds released from this process will result in \$7.6 million worth of development. Ms. Bedor acknowledged the high level of professional work completed by PED staff to get the disposition process to this point.

Chair Brendmoen stated she thought it would be wise to reach out to the developers that weren't awarded properties to let them know how they can be more competitive in the future.

Commissioner Thao asked about efforts to help promote home sales to buyers of color. Ms. Bedor stated that increasing homeownership among people of color continues to be a challenge in the region, and welcomed advice on other marketing strategies to reach buyers of color.

Chair Brendmoen stated that all the properties end up with energy efficient furnaces, insulation, etc. which also adds a lot to affordability.

Chair Brendmoen announced the public hearing. There being no testimony, Commissioner Stark moved approval. Approved as set forth in resolution RES PH 14-26.

VOTE: Yeas - 7 Nays - 0

4. Resolution Approving and Authorizing the Sale and Conveyance of Eight Properties to West 7th/Fort Road Federation; Authorization to Enter Into a Development Agreement, and Authorization of Expenditures, District 9, Ward 2.

Ms. Bedor stated in 2007, the HRA Board approved a work plan and budget for the Invest Saint Paul Initiative, which identified the Little Bohemia neighborhood as a priority target area for investment. Since then, through ISP and NSP, the HRA has purchased 24 vacant properties, and the Fort Road Federation has worked with the HRA on the rehab or demo/new construction.

In July, 2013, HRA staff received a proposal from the Federation regarding eight HRA-owned properties. The October 9, 2013 action exempted these properties from the RFP related to the last board action, as we had already been working with the Federation on these eight properties prior to the Board's approval of the Inspiring Communities Disposition Work Plan.

The Federation proposes to purchase and renovate these homes, and sell them to owner-occupants. The Federation is committing to a 13-month timeframe for completion of the project. They are asking the HRA to write down the acquisition price to \$1 for each house, and provide \$890,529 in value gap subsidy. The Board's action today is to approve the sale of these properties, and \$552,529 of value gap subsidy from the previously approved \$5,060,642 Inspiring Communities Disposition Strategy Budget. The \$338,000 balance of the request will be funded through the ISP Smith Street Redevelopment Account which was established with the ISP program, and was funded by sales of properties within this neighborhood.

The Federation has a proven track record of success with similar projects, and they have received a commitment for construction financing from a private source. The proposed rehabilitation costs, soft costs, and developer fee are in line with similar projects elsewhere in the City, and the projected sale prices are reasonable. If the house move portion of this project is not included, the average per unit subsidy for the seven typical houses is little over \$151,000. Ms. Bedor noted that PED Senior project Manger Mr. Joe Musolf did tremendous work bringing this item forward.

Commissioner Stark asked about the circumstance regarding the house that was moved.

Commissioner Thune replied that Kraus-Anderson owned the house and donated it to the neighborhood, but it needed to be moved and have a new foundation built.

Chair Brendmoen announced the public hearing. There being no testimony, Commissioner Thune moved approval. Approved as set forth in resolution RES PH 14-25.

VOTE: Yeas - 7 Nays - 0

STAFF REPORT

5. City of Saint Paul 2012 Informational Report on Tax Increment Districts.

PED staff member Jenny Wolfe presented an overview of the Tax Increment District report, which was distributed to the Board members prior to the meeting.

Chair Brendmoen stated her appreciation of the presentation given to her and the other commissioners earlier which included a more detailed analysis of the report.

ADJOURNMENT

Commissioner Bostrom moved adjournment. The HRA meeting was adjourned.