



## Legislation Text

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**File #:** Min 16-33, **Version:** 1

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Approving the July 27, 2016 HRA Board Meeting Minutes  
**The HRA recessed and will reconvene on Wednesday, August 3 at 3:30 pm preceding the City Council meeting.**

### Commissioner Voting

The reader calls the names of all Commissioners. A vote in favor is cast by remaining silent, and a vote against is cast by saying no or nay. When the voting is complete, the reader will state whether the motion passed or failed.

### ROLL CALL

Present 6 - Commissioners Noecker, Prince, Stark, Thao, Tolbert and Chair Brendmoen

Excused 1 - Commissioner Bostrom

### CONSENT AGENDA

**Note: Items listed under the Consent Agenda will be enacted by one motion with no separate discussion. If discussion on an item is desired, the item will be removed from the Consent Agenda for separate consideration.**

### Approval of the Consent Agenda

1. Approval of the July 13, 2016 HRA Board Meeting Minutes  
Adopted as set forth in Min 16-31
2. Resolution Authorizing Acceptance of a Grant from the U. S. Department of Housing and Urban Development (HUD) as a Sub Grantee of the Minnesota Home Ownership Center (MNHOC) for funding for administrative costs for counselors for the Mortgage Foreclosure Prevention Program. (Citywide)  
Adopted as set forth in RES 16-1277

Moved by Commissioner Tolbert, Consent Agenda is adopted.

**VOTE:        Yeas - 6        Nays - 0**

### FOR DISCUSSION

3. Resolution Approving and Authorizing \$200,000.00 in ISP Commercial Funds to Yamthongkam Properties, LLC for the Construction of 1141 Rice Street, District 6, Ward 5.

Kristin Guild, Acting HRA Executive Director, stated this request is for \$200,000 of ISP commercial funds to the construction of a commercial building by Yamthongkam Properties, LLC to house a destination restaurant at 1141 Rice Street. The loan will be amortized over 20 years at 1% interest. The source, ISP, is the last remaining uncommitted funds for commercial development through the Invest St. Paul Program established in 2007. The City Council authorized \$300,000 in STAR funds for the project in 2015, and the applicant has secured an SBA bank loan for \$800,000.

Chair Brendmoen asked if this will be a revolving loan fund paid back to us over time. Dan Bayers, PED, stated the payments towards the loan will go back into that program.

Pangia Vang, Bangkok Thai Deli, and Craig Kronhom, JB Realty General Contractor, shared site background and construction plans with the commissioners and staff.

Chair Brendmoen thanked Pangia and Craig for their dedication to this project.

Moved by Chair Brendmoen, Resolution Approved as set forth in RES 16-1279

**VOTE:            Yeas - 6            Nays - 0**

4. Authorization to Designate St. Paul Euclid, LLC, as Tentative Developer of 234-238 Bates Avenue, District 4, Ward 7.

Kristin Guild, Acting HRA Executive Director, stated this request is to designate Sand Companies as tentative developer to rehab an HRA apartment building at 234-238 Bates Avenue. Sand Companies plans to establish a new LLC for this project - St. Paul Euclid, LLC. The redevelopment proposal would renovate 12 apartments that would be affordable at 50% - 60% of area median income.

Ms. Guild stated that the HRA acquired this bank foreclosed property in 2011 and issued an RFP for its redevelopment in 2013. The HRA agreed to sell the property to Sand Companies at that time; however the development agreement expired in July of 2015. During the time of the development agreement the property was broken into and vandalized and mold issues were found on the property that needed to be addressed by the HRA. Sand Companies submitted an updated version of their original proposal earlier this year and an ENS notification generated a second proposal from developer BB Housing. Staff has reviewed both proposals and is recommending Sand Companies as more feasible proposal.

Ms. Guild noted that tentative developer status means that staff will work with the developer to negotiate a term sheet as they secure financing for the project. It does not represent an agreement to sell the property or finance the development. The sale would be subject to staff underwriting, gap analysis, negotiation, and HRA Board review. The anticipated total development cost for this project is \$4.5 million dollars. Sand has requested HRA assistance in their proposal totaling \$750,000.

Chair Brendmoen asked whether the original proposal from Sand Companies in 2013 was for a market rate development and for clarification of the per-unit cost for the current bid. Megan Sand, Sand Companies, stated that the original proposal was for market rate units rather than an affordable development as currently proposed. She confirmed that the per unit development cost is \$375,000.

Commissioner Noecker requested more information on the proposal received from BB Housing. Patty Lilledahl, PED Housing Director, stated that we were lucky to receive two strong proposals from developers with experience working with historic properties in Saint Paul. She noted that staff did a side-by-side comparison of the hard and soft costs of both proposals and determined that Sand Companies' proposal was more thorough and would represent a greater investment in the property. Ms. Lilledahl also noted that Sand Companies has successfully pursued listing the property on the National Register, providing access to historic tax credits, and has much more familiarity with the property, representing a deeper knowledge of likely development costs.

Commissioner Stark asked if staff has a funding source for the gap. Ms. Lilledahl stated that CDBG would be a reasonable source.

Commissioner Noecker shared her concern with the cost estimate difference in the two proposals and

requested a more detailed comparison of the two proposals before making a decision. Megan Sand stated that the project is challenging. The current layout of the units does not meet ADA accessibility and the neighborhood requested the apartments change from three bedrooms to two bedrooms. The biggest costs other than the unit reconfiguration are mechanical and heating equipment due to its historic nature.

Chair Brendmoen asked if BB Housing was made aware of the mold and vandalism. Ms. Lilledahl stated that BB Housing was made aware of the changed condition of the property since their initial bid.

Commissioner Noecker made a motion to lay over the resolution for two weeks to compare the proposals side by side. Chair Brendmoen shared her concern about Sand putting more time into the project with an award of tentative developer status while these questions are outstanding.

Commissioner Tolbert asked if Sand is awarded tentative developer status will they be coming back to the HRA asking for a large subsidy. Kristin Guild stated that tentative developer status starts the process for negotiations and underwriting, and that this action would not represent a commitment to sell the property or provide a subsidy; while the proposal indicated a gap of \$750,000 we do not know the outcome our gap analysis, underwriting and negotiations at this stage. Commissioner Tolbert requested that staff provide information about CDBG fund balances, and Commissioner Stark asked that staff also provide information about other pipeline projects that could use CDBG funds.

Chair Brendmoen asked what impacts on the project would arise if the item were laid over for two weeks. Patty Lilledahl stated that the HRA is anxious to get this property rehabbed and winter conditions are near.

Commissioner Stark asked for clarification regarding the reason to modify the units from three bedrooms to two. Megan Sand stated that during the neighborhood meetings in 2013 attendees requested the modification due to a lack of onsite parking and play area, noting that fewer bedrooms would result in fewer permitted tenants per unit according to the company policy.

Commissioner Prince requested that if the item were laid over that it go before the HRA in one week rather than two weeks. Commissioner Noecker modified her motion for a one week layover. Commissioner Stark agreed on a one week layover to get more details on the project.

Moved by Commissioner Noecker, Resolution 16-1307 Laid Over to August 3, 2016

**VOTE:            Yeas - 6            Nays - 0**

## **RECESS**

The HRA meeting will continue on Wednesday, August 3 at 3:30 pm preceding the City Council meeting.