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

REPORT TO THE COMMISSIONERS **DATE: AUGUST 5, 2026**

REGARDING: RESOLUTION APPROVING ADDITIONAL FUNDING FOR A REHABILITATION PROJECT AT 47 DOUGLAS STREET, DISTRICT 9, WARD 2

Requested Board Action

Approval of an additional $29,961 expenditure, in addition to the previously approved $225,000 expenditure, for the redevelopment of the property at 47 Douglas Street.

Background

In November 2020, Staff received an unsolicited proposal from Historic Saint Paul ("HSP") to rehabilitate and resell the HRA-owned property at 47 Douglas Street ("the Property") to an owner-occupant household earning at or below 80% of area median income.

On June 9, 2021, via Resolution 21-141, the HRA Board approved and authorized the sale and conveyance of the Property to HSP for $1, execution of a development agreement and expenditures of up to $130,000 for redevelopment gap subsidy.

On April 27, 2022, by Resolution 22-642, the HRA Board approved $95,000 of additional expenditures for the project, bringing the total approved expenditures to $225,000. Because the property has been included in the Inspiring Communities program, the HRA Board also authorized a waiver to the Inspiring Communities maximum per-unit gross subsidy cap.

Since the last HRA action, the project has been delayed due to HSP's loss of commitments from two different general contractors. HSP also transitioned through organizational leadership changes. HSP has identified a new general contractor and is prepared to commence construction. Due to increased construction costs, HSP now requests an additional $29,961 of subsidy funds. Staff has identified Community Development Block Grant ("CDBG") funds as an appropriate source for this project. If this additional request is approved, the overall HRA subsidy expenditure will be $254,961. The proposed revised project budget, accounting for the aforementioned cost increases, is as follows:

Uses			Sources		
Land Acquisition	$	1.00	Sale Proceeds	$	235,000.00
Hard Construction Costs	$	471,080.00	MN Housing CHIF	$	105,000.00
Soft Costs	$	73,880.00	HRA CDBG	$	254,961.00
Developer Fee	$	50,000.00			
Total	**$**	**594,961.00**		**$**	**594,961.00**

Budget Action

This action will require the City Council to budget the CDBG spending through an Administrative Order.

Future Action

No future action will be required, Once the HRA approves the requested action, Staff will proceed with execution of the development agreement consistent with terms outlined in the Inspiring Communities Ownership Program Manual; and Staff will proceed with the property conveyance.

Financing Structure

Financing will be as indicated in the Inspiring Communities Ownership Program Manual. Development gap assistance will be structured as a deferred loan, secured with a note and mortgage at 0% interest. Upon completion of construction and sale to an eligible buyer, the loan will be forgiven.

PED Credit Committee Review

Credit Committee review is not a requirement of this action. The Credit Committee reviewed the Inspiring Communities Homeownership Program Manual on September 23, 2013. The terms and conditions contained therein were recommended for approval by the Credit Committee at that time.

Compliance

The project is required to comply with Affirmative Action, Vendor Outreach, HUD Section 3, Sustainable Building Ordinance, Labor Standards, and Two Bid Policy.

Green/Sustainable Development

Because this is a rehab of less than 10,000 s.f., the project, the Sustainable Building Ordinance is not applicable.

Environmental Impact Disclosure

Staff has completed an Environmental Review, consistent with U.S. Department of Housing and Urban Development requirements. It has been determined that the proposed project does not require any mitigation for compliance with any listed statutes or authorities.

Historic Preservation

HSP has chosen to consider the property eligible for listing in the National Register of Historic Places. Therefore, rehabilitation plans and specifications were submitted to the Minnesota State Historic Preservation Office ("SHPO") to be reviewed for conformance with the Secretary of Interior's *Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings* (the Standards"). SHPO has determined that the proposed work has been designed in accordance with the Standards and will have no adverse effect on the potentially historic property.

Public Purpose/Comprehensive Plan Conformance:

Inspiring Communities projects substantially meet each of the seven major goals of the housing chapter of the City's 2040 Comprehensive Plan. Those specific policies of the housing chapter which these projects address to the greatest degree are:

- Policy H-10. Encourage the use of energy efficient mechanical systems and building products in rehabilitation and new construction to decrease building operation costs and impacts on the environment.
- Policy H-13. Encourage the use of long-lasting, high-quality building materials for residential buildings to decrease long-term housing maintenance and energy costs.

- Policy H-34. Support the development of new affordable ownership opportunities through the Inspiring Communities program, including selling vacant HRA-owned single-family lots and identifying sites appropriate for new ownership housing.
- Policy H-42. Pursue public and private funding sources, including local sources, for affordable housing preservation and production.
- Policy H-43. Encourage and support state and federal legislation that preserves existing programs and provides new funding, including a dedicated funding source, for affordable ownership and rental housing.
- Policy H-44. Make achieving the Metropolitan Council's affordable housing goals a top priority both in planning and legislative efforts.
- Policy H-46. Support the development of new housing, […] to meet market demand for living in walkable, transit-accessible, urban neighborhoods.
- Policy H-47. Encourage high-quality urban design for residential development that is sensitive to context but also allows for innovation and consideration of market needs.

In addition, this project activity is consistent with many of the Policies contained in the Comprehensive Plan's Heritage and Cultural Preservation chapter.

Recommendation:

The Executive Director of the HRA recommends approval of an additional $29,961.00 in subsidy for the Inspiring Communities Project to be completed at 47 Douglas Street.

Sponsored by: Commissioner Noecker

Staff: Joe Musolf (651-266-6594)

Attachments

- **Map**
- **District 9 Profile**