

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

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 13, 2024

**REGARDING: RESOLUTION APPROVING THE ACQUISITION OF REAL
PROPERTY AND RELOCATION OF ITS CONTRACT FOR DEED
OWNER, 415 CLARENCE STREET, DISTRICT 4, WARD 7**

Requested Board Action

Approve the acquisition of 415 Clarence Street and the relocation of its owner.

Background

In Spring 2023 construction of Metro Transit’s Gold Line, a ten-mile bus rapid transit (BRT) line running between downtown Saint Paul and Woodbury along the north side of Interstate 94, began. Construction is nearly complete with transit service is scheduled to begin in March 2025. Once open, the new BRT line will feature a dedicated bus lanes for much of its length with stops at eleven stations east of downtown Saint Paul.

The single-family house located at 415 Clarence Street in Saint Paul (“415 Clarence”), which has been owned through a contract-for-deed by Dawn Starr Keller since 2016, is at the end of a cul-de-sac near where the Gold Line’s new Etna Station was recently constructed. The Etna Station sits on a new dedicated bus lane between the freeway and 415 Clarence, 68 feet from the edge of the private property line. Before the Gold Line project began, a fifteen-foot planted berm stood where the bus lane and station are now located, blocking the private property from views and sounds of I-94. The berm was removed early in the construction project to accommodate the future bus lane, exposing views of the freeway and the construction of the station and bus lane. The construction project also removed trees and native vegetation across the cul-de-sac to the east of the property to make way for an equipment and materials staging area next to what was to become the Etna Station. While a new barrier wall has been installed between 415 Clarence and the freeway within the last few months, it stops short of providing near the seclusion and natural feel that was previously offered by the embankment, trees, and native grasses.

Based on State of Minnesota rules for relocation, Metro Transit determined it was not required to take property or relocate residents along this stretch of the transit project. However, the degree to which the character of this property changed because of the project and the opportunity for land assembly for transit-oriented development, created a situation where acquisition by the HRA became worth exploring.

While an offer by the HRA to purchase the property at 415 Clarence does not constitute a taking, the State Relocation Law applies, as detailed in MN Statutes 117.50 – 117.57. These statutes reference the requirements of the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended by the Surface Transportation and Uniform Relocation Assistance Act of 1987, and those regulations adopted pursuant thereto.

PED Staff engaged a relocation consultant from SRF Consulting, ordered an appraisal and a title commitment, and drafted a purchase agreement. On November 16, 2023, staff, along with SRF's relocation specialist, met with Ms. Keller and her attorney and presented a purchase agreement. Ms. Keller reviewed the purchase agreement but did not sign it, as she and her attorney felt they needed to seek additional resources for being able to relocate. In June 2024, Ms. Keller's attorney reached out to staff asking if they could move forward with a purchase agreement and relocation. Since that time, staff have re-engaged with Ms. Keller's attorney to draft a mutually agreeable purchase agreement.

Pending the HRA's acquisition of the private property, staff will explore steps to facilitate future redevelopment of higher-density housing, including demolition of the current structure and potential environmental remediation.

Budget Action

The source of funding is the HRA Development Capital Budget. No changes to the budget are required.

Future Action

N/A

Financing Structure

The appraised value of the property is \$125,000, which is also the acquisition offer price. Relocation law stipulates that, in addition to the price of acquisition, sellers are eligible for a replacement housing differential payment for the difference between the acquisition price and the price of comparable homes currently on the market. SRF Consulting conducted a comparable home search and determined the comp value is \$209,900, making the housing differential payment up to \$84,900. In addition to both the acquisition price and a housing differential payment, the seller is also entitled to receive moving expenses, incidental expenses, and increased mortgage interest costs. The total estimated sources and uses are as follows.

| <u>Sources</u> | | <u>Uses</u> | |
|------------------------------|------------------|----------------------------|------------------|
| HRA Development Capital Fund | \$310,100 | Acquisition | \$125,000 |
| | | Replacement housing diff. | up to \$84,900 |
| | | Moving expenses | \$15,000 |
| | | Incidental expenses | \$10,000 |
| | | Increased mort. int. costs | \$30,000 |
| | | Relocation Consultant fees | \$5,200 |
| | | Demolition | \$20,000 |
| | | Remediation | \$20,000 |
| TOTAL | \$310,100 | TOTAL | \$310,100 |

The acquisition price will be paid directly to the seller at the time of closing. The remaining eligible relocation expenses will be paid to the seller as those costs were incurred.

PED Credit Committee Review

N/A

Compliance

No compliance applies to the acquisition of property or its contract-for-deed owner. However, the Professional Service Agreement with SRF Consulting requires they maintain in compliance with

Affirmative Action / Equal Employment Opportunity. Any future work involving demolition or remediation will require a separate compliance review.

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose / Comprehensive Plan Conformance

The Project will accomplish the following public purpose:

- Address Special Housing Needs

The Project is consistent with several goals and objectives in the 2040 Comprehensive Plan, including:

- Land Use, Goal 1 – Economic and population growth focused around transit.
- Land Use, Goal 6 – Efficient, adaptable and sustainable land use and development patterns and processes.
- LU-1: Encourage transit-supportive density and direct the majority of growth to areas with the highest existing or planned transit capacity.
- LU-3: Prioritize equitable public investments relative to areas of concentrated poverty as defined by the Metropolitan Council.
- LU-4: Invest in measures that minimize displacement in neighborhoods where the proximity to high-frequency transit has increased redevelopment pressure and/or housing costs.
- LU-6, 9: Foster equitable and sustainable economic growth by developing programs and funding sources for site acquisition and parcel assembly.
- LU-7: Use land use and zoning flexibility to respond to social, economic, technological, market and environmental changes, conditions and opportunities.

- LU-35: Provide for multi-family housing along arterial and collector streets, and in employment centers to facilitate walking and leverage the use of public transportation.

Recommendation:

The Executive Director recommends approval of the acquisition of 415 Clarence and the relocation of its contract-for-deed owner.

Sponsored by: Commissioner Johnson

Staff: Jonathan Reisetter, 266-9119

Attachments

- Map
- District Profile
- MN Statute 117.5 – 117.57
- Appraisal
- Notice of Relocation Eligibility
- Purchase Agreement