

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 10, 2026

**REGARDING: RESOLUTION APPROVING THE ACQUISITION OF REAL
PROPERTY LOCATED AT 259 UNIVERSITY AVE W, DISTRICT 7,
WARD 1**

Requested Board Action

Approve the acquisition of real property located at 259 University Ave W.

Background

The property located at 259 University Ave W in Saint Paul, which has been owned by 259 University Avenue LLC (Justin Knutson, Manager) since 2023, is in the Frogtown neighborhood about halfway between the Green Line Light Rail stations of Capitol/Rice St and Western Ave. Situated amidst six parcels owned by the Saint Paul Housing and Redevelopment Authority (HRA), the parcel measures 4,700 square feet or about 0.11 acres. A two-story office building, built in 1905, occupies the front half of the parcel and shares its east wall with the neighboring building. The rear half of the parcel is paved.

253, 255, and 263 University Ave W and 250, 256, and 262 Sherburne Ave are owned by the HRA. All three Sherburne Ave parcels are completely vacant with no buildings. 263 University Ave W is paved but otherwise vacant, and 253 and 255 University Ave W each have buildings registered as Category II vacant. The HRA acquired these parcels, now collectively known as the Saxon Ford site, between 2006 and 2009. Previously, the Sherburne Ave parcels were single-family houses or duplexes, and the University Ave W properties were part of the former Saxon Ford dealership. Acquisition sources included a \$1,000,000 Land Acquisition for Affordable New Development (LAAND) loan from the Metropolitan Council, which requires the redevelopment of these parcels include a minimum of 20% of the housing units to be affordable to households earning 60% of Area Median Income (AMI). The city is currently in default on the LAAND loan since it has not redeveloped the parcels.

Acquisition of 259 University Ave W will make a more contiguous and attractive redevelopment site, allowing for higher-density housing, including affordable units, to be constructed along the Green Line corridor.

In early 2026, HRA staff hired a licensed commercial real estate broker, Seanne Thomas of ABC Realty, to submit an offer to purchase the property located at 259 University Ave W, contingent upon HRA Board approval. The appraised value of the property is \$575,000 while the listing price was \$625,000. Ms. Thomas initially offered \$575,000 on behalf of the HRA, and the seller countered with \$600,000, citing at least one other offer on the table for full listing price. A second offer was made and accepted for the HRA to acquire the property for \$600,000.

Pending approval of the HRA’s acquisition of the property, staff will explore ways to make the overall site available for future redevelopment of higher-density housing. This would include demolition of the current structures on 253, 255, and 259 University Ave W, environmental site assessments, potential environmental remediation, and eventually marketing the property for redevelopment.

Budget Action

The source of funding is Community Development Block Grants (CDBG). No changes to the budget are required.

Future Action

N/A

Financing Structure

The source of funding is Community Development Block Grants (CDBG), coming from Capital Improvement Budget (CIB) Funds awarded to Planning and Economic Development (PED) in 2024 and 2025. The total estimated sources and uses are as follows.

<u>Sources</u>		<u>Uses</u>	
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CDBG	\$700,000	Acquisition of 259 University Ave W	\$600,000
		Demolition of 253, 255, and 259 University Ave W	\$50,000
		Environmental Assessments and Remediation	\$50,000
TOTAL	\$700,000	TOTAL	\$700,000

The acquisition price would be paid directly to the seller at the time of closing. The remaining demolition, assessment, and remediation costs would be expended as they are incurred.

PED Credit Committee Review

N/A

Compliance

No compliance applies to the acquisition of property. Any future work involving demolition or remediation would 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 real property located at 259 University Ave W.

Sponsored by: Commissioner Bowie

Staff: Jonathan Reisetter, 266-9119

Attachments

- Map
- District Profile
- Appraisal
- Purchase Agreement