

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 3, 2025

REGARDING: AUTHORIZATION TO EXTEND THE DESIGNATION OF FACE TO FACE HEALTH & COUNSELING SERVICE, INC. AS TENTATIVE DEVELOPER OF THE HRA-OWNED PROPERTY AT 1170 ARCADE STREET, DISTRICT 5, WARD 6.

Requested Board Action

Staff is requesting the Housing and Redevelopment Authority of the City of Saint Paul (“HRA”) Board of Commissioners approve the extension of the tentative developer designation of Face to Face Health & Counseling Service, Inc., a Minnesota nonprofit corporation (“Face to Face”), on HRA-owned property at 1170 Arcade Street (the “Property”) until June 30, 2027, in order to finalize financing, construction costs, and approvals needed to redevelop the property.

Background

1170 Arcade Street is an HRA-owned site comprised of approximately 0.22-acres. The site was formerly used as a gas station. In the 1990s the gas station was demolished and the gas tanks removed, and now the site is currently vacant land.

On November 21, 2022, the HRA released a Request for Proposals (RFP) to redevelop the Property. An evaluation team determined that Face to Face’s proposal was best aligned with the review criteria and redevelopment vision of the HRA. The proposed project for the Property included a four-story, mixed-use building with 20 housing units rented to households at or below 30% of Area Median Income (AMI), and office space for Face to Face on the ground floor. The HRA Board accepted the staff recommendation to approve Face to Face as tentative developer

from June 28, 2023 through June 30, 2025 (RES 23-956.) The designation was subsequently extended for 6 months via an administrative action by the Executive Director of the HRA through December 31, 2025.

Since receiving tentative developer designation, Face to Face has further refined their proposed project. Currently, the project is proposed to be 24 fully supportive housing units. Twenty units will be set aside for youth experiencing homelessness and 4 units set will be aside for people with disabilities. The unit mix includes 12 studios, 9 one bedroom, and 3 two-bedroom units. Significant progress made toward a final development plan, includes:

- Engagement with surrounding community groups and key stakeholders
- Applying and securing grant funding from government agencies, including:
 - Met Council
 - \$260,000 LCDA Predevelopment
 - \$1,250,000 LCDA Development
 - Ramsey County
 - \$500,000 Housing Development Solicitation
 - \$432,152 Emerging and Diverse Developers Program
- Securing Housing Supports for all 24 units
- Completing Phase 1 and Phase 2 Environmental Assessments

To complete development, Face to Face will need additional time to meet benchmarks that include, but are not limited to: finalize a detailed development budget and financial sources for both the

housing and commercial components, complete a site plan review through the Department of Safety and Inspections, and apply for and receive necessary permit and zoning approvals.

Budget Action

N/A

Future Action

Future possible actions by the HRA Board would include approval of a Development Agreement and holding a public hearing to sell 1170 Arcade to Face to Face.

Financing Structure

The estimated total development cost for the housing component of this project is \$14,668,684.00.

The projected permanent capital stack is anticipated to include a private first mortgage, deferred financing, grants, and a deferred developer fee.

Face to Face will finalize the financing structure within the extension period, which includes applying for additional gap financing. The project applied to the 2025 MHFA Consolidated RFP for deferred funding. The decision is anticipated to be released in December.

PED Credit Committee Review

PED Credit Committee will review this project prior to any HRA Board action for a request for financial assistance from the HRA.

Compliance

The following compliance requirements may apply to this project: Vendor Outreach Program, Affirmative Action, Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Two-Bid

Policy, Project Labor Agreement, Living Wage Ordinance, Sustainability Ordinance, Business Subsidy and Section 3.

Green/Sustainable Development

As applicable, this project will comply with the Saint Paul Sustainable Building Ordinance.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The following goals/policies from the Saint Paul 2040 Comprehensive Plan would be engaged by this redevelopment:

- LU-3: Prioritize equitable public investments relative to areas of concentrated poverty as defined by the Metropolitan Council.
- LU-6(3): Foster equitable and sustainable growth by growing Saint Paul's tax base in order to maintain and expand city services, amenities and infrastructure.
- LU-6(4): Foster equitable and sustainable growth by proactively directing new development to high-priority geographies, such as Neighborhood Nodes, ACP50 Areas and Opportunity Sites.
- LU-31: Invest in Neighborhood Nodes to achieve development that enables people to meet their daily needs within walking distance and improves equitable access to amenities, retail and services.

- 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.
- H-15: Accommodate a wide variety of culturally-appropriate housing types throughout the city to support residents at all stages of life and levels of ability.
- H-16: Increase housing choice across the city to support economically diverse neighborhoods by pursuing policies and practices that maximize housing and locational choices for residents of all income levels.
- H-18: Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness.
- H-31: Support the development of new affordable housing units throughout the city.
- H-37: Encourage the development of affordable housing in areas well-served by transit and/or in proximity to employment centers.

Furthermore, the proposal is consistent with the District 5 Community Council's Plan (1979) and the Arcade Street Small Area Plan (2007).

Recommendation:

The Executive Director recommends approval of the resolution extending the designation of Face to Face as tentative developer for the 1170 Arcade site to June 30, 2027.

Sponsored by: Commissioner Yang

Staff: Angela Riffe, 226-8524

Attachments

- Map
- D5 Payne-Phalen Neighborhood Profile