

216 BATES, 716 WILSON,
208 BATES



208 Bates

2



716 Wilson

3



216 Bates

4





South elevation of 208, 216 Bates

Background

- History of nuisance complaints and neglect
- Properties condemned and/or registered vacant for 2-4 years before HRA acquired
- HRA acquired to ensure public control of redevelopment

	208 Bates	216 Bates	716 Wilson
Previous owner bought in	1977	1974	2004
Condemned/vacant	2001	2005	2005
HRA Bought	2005	2007	2007



Rehab Concept

- DBNHS was engaged in 2010; the original proposal was demo and new construction.
- HRA staff and the city councilmember requested rehab as the preferred alternative.
- A concept to develop 5 units of housing with 4 Bedrooms was approved by the HPC in August 2012 and competitively bid in December 2012.
- 4 bids were received – the highest was \$1,992,300, the lowest is analyzed below

716 Wilson South elevation

Costs	208 Bates	216 Bates	716 Wilson	Site Work	Total
Hard Costs	\$622,230	\$539,237	\$263,360	\$216,711	\$1,641,541
Finished Square Feet	3,651	4,090	1,807		
Cost per square foot for construction*	\$170	\$132	\$145		

*New construction hard costs are typically ~\$125-150/sq ft

Why is rehab cost high?

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- **Water damage:** 216 and 208 Bates have compromised roof
- **Site topography:** 216 Bates and 716 Wilson require extensive regrading
- **Storm sewer requirements:** to address water seepage issues
- **Foundation condition:** 208 Bates and 716 Wilson require a completely new foundation
- **Environmental remediation:** Lead, asbestos, mold, and radon at the properties
- **Structural integrity:** Most interior structural framing is compromised at 208 and 216 Bates



208 Bates East elevation



216 Bates water damage



216 Bates basement

Total costs for original concept:

5 rental units

8

	Original proposal
Acquisition	\$1.00
Land Sale Write Down	\$585,000
Hard Costs	\$1,641,540
Contingency (15%)	\$246,230
Architect/Design	\$78,500
Other Soft Costs	\$71,250
Developer Fee	\$163,960
Total Development Cost	\$2,786,481
Cost per unit (5 units)	\$557,296



216 Bates: current heat pictured to left

208 Bates: interior condition pictured below



DBNHS was requesting HRA financing for the full TDC. HRA staff decided to explore additional options to try to bring the needed HRA investment down.

Additional options explored

Options Explored	Result
Historic Tax Credit Financing	HRA staff discussed the project with the SHPO office and staff that certified Euclid Flats. The small size of the projects does not justify the additional time and expense of certification, and it is doubtful the projects would qualify for the national register.
Minnesota Housing Finance Agency Financing	The project is too small to be competitive and the timing of the application cycle does not meet redevelopment requirements.
Owner occupied instead of rental units	716 Wilson could be sold instead of rented. It would not be reasonable to condo 208 Bates and 216 Bates because of the limited units and lack of market demand.
Reducing square footage developed	716 Wilson could be reduced to a 2 Bedroom instead of a 4 Bedroom, which results in an additional \$30,000 savings. Reducing the size of 208 Bates or 216 Bates also reduces the rental income generated, resulting in a negative rental cashflow.
Demolition of 208 Bates: total demo or retaining façade	Demolition costs \$60,000 instead of the estimated \$622,231 to save the property. Retaining the façade adds cost and is also of concern to DBNHS for safety/liability reasons. In both scenarios proposed the HRA intends to demolish 208 Bates.

Economic Development Option

- 716 Wilson and 208 Bates were originally constructed as housing units; therefore an economic development option is not recommended
- 216 Bates was historically a commercial building
- Staff analyzed subsidy need based on current market trends for small commercial buildings and known rehab needs
- It is estimated \$700,000 of subsidy would be needed for a commercial concept (current concept is for \$1,140,000 at 216 Bates)
- There is high risk that zoning approvals necessary for a commercial project would not be approved
- There is high risk that a suitable tenant would be challenging to find
- If the entire building was used as a commercial building as it has historically been used, the \$700,000 subsidy would result in one unit

Revised costs

	Scenario A) Original proposal: 5 unit rental all 4 BD units	Scenario B) Revised proposal: Demo 208 2 units 4 BD rental 1 unit 4 BD owner	Scenario C) HRA Revisions: Demo 208 2 units 4 BD rental 1 unit 2 BD owner
Acquisition	\$1.00	\$1.00	\$260,000
Land Sale Write Down	\$585,000	\$585,000	\$325,000
Hard Costs	\$1,641,540	\$1,005,378	\$975,378
Contingency	\$246,230	\$150,806	\$91,537
Architect/Design	\$78,500	\$104,000	\$54,992
Other Soft Costs	\$71,250	\$49,200	\$49,200
Developer Fee	\$163,960	\$96,470	\$110,243
Total Development Cost	\$2,786,481	\$1,990,855	\$1,866,350
HRA Cost*	\$2,786,481	\$1,880,855	\$1,716,350
HRA Cost per Unit	\$557,296	\$626,951	\$572,116

*HRA cost is lower for the two revised proposals because of sale proceeds for 716 Wilson.

Timeline Considerations

- 216 Bates and 716 Wilson were each funded with CDBG.
- There is a requirement that the properties meet a national objective by the end of summer 2014.
- A national objective could be met by either:
 - Rehabilitating the properties for housing that serves households at 80% of area median income
 - Declaring the properties as slum/blight and demolishing them

New construction option

- DBNHS proposal for new construction is 8 units across the three project sites.
- 4 units would be 3 bedroom and 4 units would be 4 bedroom.
- Demolishing the existing buildings and doing a denser development allows the expenses for acquisition and site conditions to be spread across more units of housing.

New construction costs

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	New Construction Cost	HRA Revisions: (From Slide 10)
	Demo 208,216,716 4 units 4 BD rental 4 units 3 BD rental	Demo 208 2 units 4 BD rental 1 unit 2 BD owner
Acquisition/Land Write Down	\$585,000	\$585,000
Hard Costs	\$1,760,000	\$975,378
Contingency	\$88,000	\$91,537
Architect/Design	\$105,600	\$54,992
Other Soft Costs	\$100,000	\$49,200
Developer Fee	\$205,360	\$110,243
Total Development Cost	\$2,843,960	\$1,866,350
HRA Cost	\$1,716,350	\$1,716,350
HRA Cost/unit	\$214,543	\$572,116

New Construction

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- Demolishing 208 Bates, 716 Wilson, and 216 Bates provides an opportunity to leverage outside funds.
 - Minnesota Housing Finance Agency: an 8 unit project can generate more leverage from this agency
 - More units could also result in the ability to leverage private financing
 - Demolition meets the timeline requirements for CDBG, allowing opportunity for multiple funding application rounds if needed

Public Purpose Analysis

Public Purpose	New Construction	Rehab option
HRA investment	\$1,716,350	\$1,716,350
Affordable Housing created	High: 8 units	Moderate: 3 units retained

Leverage Investment	High: \$1,000,000 leverage from public/private sources	Low: No leverage
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Increase tax base	High: 8 units of new housing likely significant tax base increase	Low: Tax base of three rehabbbed units diminished by 208 Bates demolition
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Historic Preservation	Low: Homes demolished	Moderate: Two addresses rehabbbed, one demolished
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Reduction of slum/blight	High: Slum blight demolished	High: Slum/blight demolished and rehabbbed
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Which option is most reasonable?

Rehab Option:

Rehab 216 Bates and 716 Wilson and demolish 208 Bates

- The HRA has identified \$1.7 million to offer to the project
- Result is 3 units of housing and yard space for Homes for Learning, 716 Wilson and 216 Bates are preserved as historic resources

New Construction Option:

Demolish all three buildings and construct 8 units of new housing

- Increased density is likely to result in an ability to leverage sources from MHFA and private bank financing
- Blight would be immediately removed, providing time to leverage the remaining sources needed



CITY OF SAINT PAUL
Christopher B. Coleman, Mayor

COMMERCE BUILDING
8 Fourth Street East, Suite 200
St Paul, Minnesota 55101-1024

Telephone: 651-266-9090
Facsimile: 651-266-9124
Web: www.liep.us

May 19, 2006

GEORGE FARKAS
FIDELITY NATIONAL ASSET MGMT SERVICES
480 W HWY 96
SHOREVIEW MN 55126

Re: 716 Wilson Avenue
File#: 05 186267 VB2

Dear Property Owner:

Pursuant to your request the above-referenced property was inspected and the following report is submitted:

BUILDING

1. Remove tree from east side of building.
2. Install new front steps to Code.
3. Install new front, side and rear doors to Code.
4. Repair rear deck and steps to Code.
5. Clean up all yard waste and rubbish.
6. Install tempered glass in rear entry way window.
7. Install a handrail on the basement steps to Code.
8. Remove all rotted and decayed wall covering from basement.
9. Install tempered glass in window in stair landing to second floor.
10. Install tempered glass in window over bathtub.
11. Repair house roof as needed.
12. Replace front porch roof and vent to Code.
13. Replace chimney flashing.
14. Replace front sidewalk.
15. Install plinth blocks under posts in basement.
16. Repair walls and ceilings throughout, as necessary.
17. Tuck Point interior/exterior foundation as needed.
18. Repair soffit, fascia trim, etc. as necessary.
19. Provide hand and guardrails on all stairways and steps as per attachment.
20. Provide thumb type dead bolts for all entry doors. Remove any surface bolts.
21. Repair or replace any deteriorated window sash, broken glass, sash holders, re-putty etc. as necessary.
22. Provide storms and screens complete and in good repair for all door and window openings.

GEORGE FARKAS
FIDELITY NATIONAL ASSET MGMT SERVICES
716 WILSON AVENUE
MAY 19, 2006
PAGE TWO

23. Where wall and ceiling covering is removed, attic, replace doors and windows, (insulation, glass, weather stripping, etc.) shall meet new energy code standards.
24. Prepare and paint interior and exterior as necessary (take the necessary precautions if lead base paint is present).
25. Habitable rooms with new usage, replaced windows shall have glass area equal to 8% of floor area, or a minimum of 8 sq. ft., one-half of which shall operate and all bedroom windows shall meet emergency egress requirements (20" wide minimum, 24" high minimum but not less than 5.7 sq. ft. overall).
26. Provide general clean-up of premise.
27. Provide smoke detectors as per the Minnesota State Building Code.

ELECTRICAL

1. Replace inoperative bathroom GFCI outlet.
2. Replace bathroom light fixtures with non-outlet type.
3. Properly ground all three-wire receptacles.
4. Remove telephone cable from receptacle box in bedroom.
5. Repair inoperative receptacles and lights throughout.
6. Install three-way switch control for stairway lighting.
7. Rewire basement bathroom to Code.
8. Rewire basement laundry area to Code.
9. Replace light fixture by service panel with non-outlet type.
10. Install proper fuses on branch circuits.
11. Remove closet light fixtures or install a globe on each.
12. Install electric service grounding per Code.
13. Install required lighting at all service door entries.
14. Insure proper fuses or breakers for all conductors.
15. Repair or replace all broken, missing or loose fixtures, devices, covers and plates.
16. Check all 3-wire outlets for proper polarity and ground.
17. Throughout building, install outlets and fixtures as per Bulletin 80-1.
18. Install smoke detectors as per Bulletin 80-1 and I.R.C.
19. Electrical work requires a Permit and inspections.

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FIDELITY NATIONAL ASSET MGMT SERVICES
716 WILSON AVENUE
MAY 19, 2006
PAGE THREE

PLUMBING

1. The water heater has no gas shutoff or gas piping is incorrect.
2. Correct gas venting at water heater.
3. The water heater has gas control valve parts missing.
4. The water was not in service at the time of the inspection.
5. The water meter was not in service at the time of the inspection.
6. The water heater service valves are not functional.
7. Provide the proper water pipe size.
8. Replace improper gas piping and fittings.
9. Dryer gas shutoff, connector or piping incorrect.
10. The soil and waste piping has no front sewer cleanout; no soil stack base cleanout.
11. Provide the proper pipe supports, connections, transitions, fitting and pipe usage for the soil and waste piping.
12. Vent the basement water closet, lavatory, sink and laundry tub and correct waste to Code.
13. Correct the waste and vent at the first floor lavatory and water closet.
14. Provide anti-siphon tub filler on second floor bathtub.
15. Provide a backflow assembly or device for the lawn hydrant(s).

HEATING

1. Recommend installing approved lever handle manual gas shutoff valve on furnace.
2. Recommend installing approved automatic gas valve for furnace.
3. Clean and Orsat furnace burner. Check all controls for proper operation. Submit report.
4. Check furnace heat exchanger for leaks, provide documentation.
5. Install chimney liner.
6. Replace furnace flue venting.
7. Tie furnace and water heater venting into chimney liner.
8. Provide adequate clearance from flue vent pipe on furnace/boiler to combustible materials or provide approved shielding according to Code.
9. Recommend adequate combustion air.
10. Provide support for gas lines to Code. Plug, cap and/or remove all disconnected gas lines.
11. Provide proper pitch for gas appliance venting.
12. Repair and/or replace heating registers as necessary.
13. Provide heat in every habitable room and bathrooms.
14. Appropriate permits are required for this work.

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FIDELITY NATIONAL ASSET MGMT SERVICES
716 WILSON AVENUE
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ZONING

1. This property was inspected as being a single family dwelling.

NOTES

1. See attachment for permit requirements.
2. **VACANT BUILDING REGISTRATION FEES MUST BE PAID AT NEIGHBORHOOD HOUSING AND PROPERTY IMPROVEMENT (NHPI) FOR PERMITS TO BE ISSUED ON THIS PROPERTY.** For further information call, NHPI at 651-266-1900, located at 1600 White Bear Avenue.
3. This property is in a designated Heritage Preservation District and all exterior work is subject to HPC guidelines and review before permits are issued. See attached explanation of design review process.
4. Most of the roof covering could not be properly inspected from grade. Recommend this be done before rehabilitation is attempted.
5. There was considerable storage/clutter within property at the time of the inspection. All to meet appropriate Codes when complete.
6. All items noted as recommended do not have to be completed for code compliance but should be completed at a later date. Possible purchasers of property shall be made aware of these items.

Sincerely,

James L. Seeger
Code Compliance Officer

JLS:sla

Attachments



CITY OF SAINT PAUL
Christopher B. Coleman, Mayor

COMMERCE BUILDING
8 Fourth Street East, Suite 200
St Paul, Minnesota 55101-1024

Telephone: 651-266-9090
Facsimile: 651-266-9124
Web: www.liep.us

January 10, 2007

George Farkas
Fidelity National Asset Mgmt Services
480 W HWY 96
SHOREVIEW MN 55126

To Whom It May Concern:

The above described building or portion of building has been inspected and is in compliance with applicable code requirements for the occupancy classification and use listed below.

Certificate of Code Compliance

Property Address	716 WILSON AVE			
Property Owner	Fidelity National Asset Mgmt Services			
Owner's Address	480 W HWY 96 SHOREVIEW MN 55126			
Use of Building	Single Family Residential	Vacant Building Category: Category 2		
Building Permit # 06-131235	Electrical Permit # 06-135910	Plumbing Permit # 06-245636	Mechanical Permit # 06-221997	Warm Air/Ventilation # In compliance
If occupancy is restricted, in the box to the right, describe the portion of the building approved for occupancy or any conditions limiting use of the building:				

Sincerely,

Thomas Riddering - PE
Building Official

Enclosure

TR/ld

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[2013 Payment Stubs](#)
[2012 Value Notice](#)
[2012 Property Tax Statement](#)
[2011 Value Notice](#)
[2011 Property Tax Statement](#)
[2010 Value Notice](#)
Property Identification Number (PIN) 33.29.22.32.0140

Property Address 716 Wilson Ave

Municipality St. Paul

Watershed Capital Region W/S

School District Number 625

Assessment Date 01-02-2012 01-02-2013

Tax Payable Year 2013 2014

Total Estimated Market Value \$85,200 \$70,300

Total Taxable Market Value
Total Estimated Land Value \$15,900 \$15,900

Total Estimated Building Value \$69,300 \$54,400

Property Tax \$0.58

Special Assessments \$373.42

Total Property Tax + Special Assessments \$374.00

Property Class Description Exempt Exempt

Year Built 1912

of Stories 1.50

Residential Finished SQ Feet/Comm, 1065

Ind, Apt Bldg Area 620

Foundation Size

The Plat or Section / Township / Range and Legal Description listed below may be an abbreviated legal description - Do not use to prepare legal documents

Section / Township / Range 33-29-22

Plat Auditor's Subdivision No. 20

Legal Description Nely 7o 4o/100 Ft Of Lots 5

To determine whether your property is
Abstract or Torrens, call (651)266-2000

Most Recent Sale

Sale Date 12-07-2007

Sale Price \$150,000

Certificate of Real Estate Value Number 365949

Sale Status Non-qualified Sale

Sale Description Government Or Exempt
Party Sales

2010 Property Tax
Statement

Minnesota State Form
M1PR



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