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|  | DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT*Jonathan Sage-Martinson, Director* | EqualHousingLogo |
| CityLogo | CITY OF SAINT PAUL *25 West Fourth Street Telephone: 651-266-6700**Christopher B. Coleman, Mayor Saint Paul, MN 55102 Facsimile: 651-266-6549* |

MEMORANDUM

TO: Heritage Preservation Commissioners

FROM: Christine Boulware and Jennifer Jordan

RE: 234-238 Bates Avenue – Dayton’s Bluff Heritage Preservation District

DATE: December 4, 2014

**Property Description:**

Euclid View Flats, 234-238 Bates Avenue, is sited at the southeast corner of Bates Avenue and Euclid Street. The three-story apartment building was designed by architect Herman Kretz and constructed from 1894-1895 for the Pioneer Apartment House Company. The building is set back from the street on a lot that slopes upward. The exterior is clad in red brick with brownstone and limestone window sills. The windows are non-historic, wood-frame, one-over-one sash. The first-story window openings on the west and north facades are arched and hold either fixed plate-glass windows with transoms or one-over-one sash windows. Two-story oriel windows run between the second and third floors of several bays on the east and north facades. Historic porches on the front facade were removed in the 1940s and replaced with smaller concrete stoops. A large non-historic, wood-frame fire escape is attached to the rear (east) wall. The property is categorized as pivotal to the character of the Dayton’s Bluff Heritage Preservation District.

The property was listed on the National Register of Historic Places on February 10, 2014.

**Scope-of-Work:**

See attached sheets from Elizabeth Gales of Hess, Roise and Company

PED staff met with the representatives from Sand Companies, Sand Architects, and Hess, Roise, and Co. on September 25, 2014 to discuss preliminary plans presented for comment (dated: 8/18/14). Many of staff’s comments from that meeting are reflected in the revised plans (Not for Construction dated: 11/12/14) included in the packet.

**Background (from the HRA report):**

The Housing and Redevelopment Authority of the City of Saint Paul (HRA) acquired the bank-foreclosed 234-238 Bates Avenue property in July 2011 from First National Community Bank of Hudson, WI for $346,000. The property, which has been heavily vandalized, has been on the Category 2 vacant building list since 2010. The HRA purchased the property in order to retain the historic resource until a viable redevelopment proposal could come forward.

The HRA issued a Request for Proposals (RFP) for rehabilitation of the 12-unit property on May 1, 2013. The proposal from Sand Companies, Inc. (SCI) was chosen by the review team because it requested the least amount of subsidy, demonstrated extensive developer experience with historic tax credits in the rehabilitation of historical properties, and the developer’s demonstrated capacity to deliver successful, completed projects. On August 14, 2013, the HRA granted tentative developer status to SCI authorizing PED staff to negotiate a development agreement for rehabilitation of the property. Concurrently, SCI has been going through the federal historic designation process through the National Park Service as a means to secure historic tax credits for the project.

**234-238 Bates Avenue (Euclid View Flats) Proposal:**

SCI seeks to preserve the property as a 12-unit multi-family rental housing property but will reduce the number of bedrooms in each unit from three bedrooms down to two bedrooms by altering the interior configuration of each unit to allow for a more open floor plan. The reconfigured interior space will also allow for a larger kitchen and a bathroom that can accommodate a washer and dryer in each unit. All twelve units will be affordable at a range between 50% and 120% of Area Median Income (AMI). St. Paul Euclid, LLC is the legal entity created by SCI to purchase and redevelop the property.

Staff is seeking approval of the sale and conveyance of 234-238 Bates Avenue to St. Paul Euclid, LLC and approval of a finalized development agreement between the HRA and St. Paul Euclid, LLC. The property is currently zoned RM2 – Medium Density Multifamily Residential District and the proposed use is permitted in this district. The parking requirement for a multi-family use with a 2-bedroom configuration would be 1.5 parking spaces per unit for a total parking requirement of 18 parking spaces. As with many historical properties that pre-date existing zoning code, the site can only accommodate one off-street parking space and will require a parking variance.

The 234-238 Bates Avenue property is a prominent historic multifamily building in the predominantly single family Dayton’s Bluff Heritage Preservation District. Retention of this historic resource is important to the neighborhood and its residents. The sale of the parcel will reduce ever-increasing holding and maintenance costs and halt further decay of the building. The restoration of the property will eliminate a vacant, blighted building that has continually attracted crime and vagrants. In addition, restoring the property will return the building to the Saint Paul property tax rolls, add affordable housing units to the city, and preserve an important historic resource. As a result, staff recommends selling the property at a minimal fee of $1.00 plus administrative fees and holding costs as a means to ensure that the building restoration is financially feasible.

SCI was established in 1991 and has completed 72 construction projects to date with annual construction figures of approximately $30 to $40 million. In addition to construction projects, SCI currently manages 1,200 units across six states. In Saint Paul, they have completed the historic rehabilitation of the Minnesota Building and the Lower Town Lofts and are currently partnering with Aurora-St. Anthony Community Development Corporation on the redevelopment of the Old Home site on University Avenue. While headquartered in Waite Park, MN, SCI operates a branch office location in downtown Saint Paul in the Minnesota Building.

**Historic Preservation:**

**Saint Paul Comprehensive Plan:**

***Housing***

Strategy 2: Preserve and Promote Established Neighborhoods.

2.13 Continue to assess vacant housing conditions with City/HRA partners such as community development corporations, nonprofit organizations, private developers, district councils, and block groups and prioritize City/HRA revitalization assistance to areas with less vibrant housing markets.

Strategy 3: Ensure the Availability of Affordable Housing Across the City.

 3.1 Support the preservation of publicly-assisted and private affordable housing by supporting the application of historic tax credits and other appropriate funding sources to maintain existing low-income units.

***Historic Preservation***

Strategy 1: Be a Leader for Historic Preservation in Saint Paul

1.10 Give equal consideration to historic preservation factors when City action, involvement, or funding is requested or required.

1.12 Prioritize the retention of designated historic resources over demolition when evaluating planning and development projects that require or request City action, involvement or funding.

Strategy 3: Identify, Evaluate and Designate Historic Resources

3.10 Forward properties that appear to be potentially eligible for listing on the National Register of Historic Places (NRHP) to the State Historic Preservation Office (SHPO) for an official determination of eligibility.

Strategy 4: Preserve and Protect Historic Resources

4.5 Acquire key threatened historic properties until a suitable owner can be found.

**Review of Proposal:**

Sand Companies is pursuing State and Federal Historic Tax Credits for the rehabilitation of the building, thus the State Historic Preservation Office (SHPO) and the National Park Service will also be reviewing the plans for compliance with the Secretary of the Interior Standards for Rehabilitation. HPC staff plan to coordinate with the Senior Design Review at SHPO and will review the permit set of plans and any required permit applications administratively.