Adopted 5/28/03
Amended 9/23/09
Amended 9/14/11

Policy and Procedures for Disposition of HRA Owned Real Estate

I. PURPOSE

A. The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) is legally permitted to acquire real estate in accordance with a redevelopment plan for the purpose of redeveloping it for residential or commercial uses, or without a redevelopment plan for the purpose of removing blight or for low or moderate income housing. The purpose of this Policy and Procedures for Disposition of HRA Owned Real Estate (Policy) is to provide a uniform and consistent approach for the sale, lease or other disposition of real estate now owned or hereafter acquired by the HRA.

B. In addition to the procedures described in this Policy, there are legal requirements imposed by law on the disposal of HRA owned real estate and these are located in Minn. Stat. Section 469.029 which provides that the HRA can sell or lease real estate without public bidding only after a public hearing, and published notice of the hearing must be given at least 10 days but not more that 30 days before the hearing.

C. This Policy replaces the (a) Disposition Policies and Procedures for Sale of HRA Residential and Non-Residential Land dated March 11, 1980 and (b) Disposition Policies and Procedures Applicable for the Sale of HRA Single and Two Family Lots and Homes for Rehabilitation approved by the HRA Board on March 8, 2000. This Policy does not apply to (i) the disposition of real estate governed by the existing Garden Lease Guidelines adopted by HRA Resolution No. 96-6/26-1, and the Guidelines for Disposition of Splinter Parcels adopted by HRA Resolution No. 93-8/24-2, which two Guidelines remain in effect, (ii) real estate subject to a tentative developer designation or HRA contract existing at the time this Policy is adopted by the HRA Board of Commissioners, (iii) real estate owned by the HRA and used for parking, and (iv) real estate owned by the City of Saint Paul and conveyed to the HRA under City Administrative Code Chapter 51 as a conduit for ultimate transfer to an end user determined by the City of Saint Paul (provided that the HRA will charge a $500.00 fee plus costs to process each conduit deed) . This Policy is not intended to and does not create any legal rights to persons or entities. Any modifications or waivers to the Land Disposition policy requires applicant to demonstrate hardship and requires Board approval.

II. OBJECTIVES

The objectives of this Policy are:

A. To ensure a consistent, open process by which the HRA sells or releases its real estate for redevelopment.
B. To maximize the HRA's ability to promote redevelopment opportunities relative to its real estate holdings.

C. To minimize the level of public investment required to acquire and redevelop real estate in the City of Saint Paul.

D. To minimize the period of time that real estate is held by the HRA before it is sold or otherwise released for redevelopment.

E. To maximize the resources available for future real estate acquisition and redevelopment.

F. To provide equal opportunity for all minorities, women and small businesses to purchase HRA owned real estate.

III. PROCEDURES

A. RFP/RFQ

1. The HRA may solicit development proposals for a particular site through a Request for Qualifications (RFQ) and/or a Request for Proposals (RFP). A RFQ is used to ascertain the qualifications of potential developers. A RFP is used to solicit specific development proposals for a site. The RFQ/RFP will reflect the type of development/developer sought by the HRA, and may specify other parameters as well (e.g. desired timeline for development, remediation requirements, density, affordable housing units, etc.). The RFQ/RFP will be advertised in four locations: (a) on the City's web site; (b) in local newspapers; (c) on the HRA agenda; and (d) on the real estate via a property sign; and notice will be given to the affected district council.

2. HRA staff will evaluate any proposal(s) received under paragraph A(1) above and consider:

A. The proposed reuse of the property, and the consistency of that reuse with existing or proposed zoning, comprehensive plan and approved small area plans, heritage preservation guidelines, if applicable, and community input of the proposal.

B. If a housing project, conformity of the proposal with the City Housing Action Plan, including without limitation the achievement of the City's affordable housing goals.

C. The consistency of the project with applicable City's design guidelines.

D. The estimated total development cost for the proposed project, including the amount to be paid to the HRA for the real estate and/or additional public investment sought for demolition, remediation, infrastructure, etc.

E. The estimated time to commence and complete the proposed project.

F. Achievement of the Objectives of this Policy.

G. Contribution of the proposal to the tax base of the City.

H. Experience and qualifications of the developer, including the developer's demonstrated ability to meet equal opportunity/affirmative action employment and contracting goals established by the City of Saint Paul: willingness to provide equal opportunity to minority/women-owned and small businesses; demonstrated past history of providing contracting and employment opportunities for qualified minority and women individuals and minority/owned and small businesses.

I. Achievement of other public purpose goals.

3. Upon evaluation of all the proposals HRA staff may either reject all the proposals or select one of the proposals that best accomplishes the objectives and goals of this Policy and present that proposal to the HRA Board for its consideration to grant tentative developer status or approval of a memorandum of understanding, development agreement or contract for sale of land for private development.

B. OTHER PROPOSALS

1. As an alternative to receiving proposals through an RFP/RFQ process, the HRA may receive a proposal from a third person or entity to redevelop a parcel of land owned by the HRA.

2. HRA staff will evaluate any proposal under paragraph B(1) using the same criteria as specified in paragraph A(2) above. Upon evaluation of the proposal PED staff may either reject the proposal or if the proposal substantially accomplishes the objectives and goals of this Policy present the proposal to the HRA Board for its consideration to grant tentative developer status or approval of a memorandum of understanding, development agreement or contract for sale of land for private development.

3. At least 45 days before a proposal described in paragraph B (2) above is scheduled for presentation to the HRA, a written notice of the proposal will be sent to the affected district council and will be made available to the general public via the City's web page. This notice will allow the community to provide feedback on the proposed development, and allows for any competing proposals to be brought forward within this 45-day period. If there are comments from the district council and/or competing proposals that are timely sent to the HRA, HRA staff will consider the comments and/or evaluate other proposals and decide whether to either reject all proposals or make a recommendation to the HRA Board of Commissioners for approval of the proposal that best accomplishes the objectives and goals of this Policy.

C. HRA BOARD CONSIDERATION OF PROPOSAL

1. The HRA Board of Commissioners will then review any proposal submitted under paragraphs A (3) or B (3) above and make a determination as to whether the proposer should be awarded tentative developer status, or after a public hearing, be given development rights via a memorandum of understanding, development agreement or contract for sale of land for private development. The designation of 'tentative developer status' means the HRA has tentatively approved of the developer and the project and the HRA will not contract with any other entity for

the real estate while the tentative developer diligently pursues the completion of all conditions attached by the HRA Board in the award of the designation. Typical conditions may include the following: completion of design and architectural drawings of the project, market study, utility plans, environmental investigations, and preparation of remediation plans, securing of financing, and negotiation of development agreement with staff, which agreement is subject to HRA Board approval. The HRA reserves the right to reject any and all proposals to purchase.

2. The proposer will be notified that as a condition of being awarded tentative developer status it will be required to provide to the HRA a non refundable 'Application Fee' based on the size of the project as follows:

Estimated total development costs	**Application Fee**
Under $250,000	$500
$250,000 to $1 million	$1,500
Over $1 million and up to $5 million	$2,500
Over $5 million and up to $10 million	$5,000
Over $10 million	$25,000

The HRA will retain the Application Fee whether the project is or is not built, and the proposer will not receive any credit for the Application Fee in the sale price of the land. In addition, the proposer may also be required to provide an 'Expense Deposit' that be used as a deposit to pay for the cost of outside financial, appraisal and legal advisors employed by the HRA and the actual amount will be determined on a project-by-project basis.

3. Along with tentative developer status or contract rights, the HRA will establish a time limit for (a) tentative status – which can vary, depending on the nature of the proposed project, or (b) completion of the project.

4. If the project proceeds as proposed, the development will ultimately result in closing on a contract for sale, lease or conveyance of the HRA land. All conveyances will be made by Quit Claim Deed, the property will be conveyed in its AS IS condition and buyers may be required to provide an environmental indemnity to the HRA. With respect to the construction of the project, the developer will be required to comply with all laws and regulations and the City of Saint Paul's affirmative action ordinance (Ch 183 of City's Legislative Code) and vendor's outreach program (Ch 84 of City's Administrative Code). The land reverts back to the HRA if developer fails to timely construct the project. In the HRA Board's discretion, the land may be sold at its market value or the land value may be written down to an amount needed to fill a financing gap for the project. Staff will obtain an appraisal of the land in any event and the appraisal may be made by two outside appraisers or by staff, depending on the circumstances.

5. If the project does not result in a closing and the tentative developer designation is not extended by the HRA Board, the developer will lose its tentative developer status and HRA's costs will be paid from the developer's Expense Deposit and if costs exceed the Expense Deposit the developer will be obligated to pay the difference, and any unspent Expense Deposit will be returned to the developer.

6. The HRA will maintain and make available to the general public upon request a list of all existing HRA owned real estate and a status of those properties (i.e., whether they are subject to a tentative developer designation or a contract with the HRA).