

Community Development Committee

Meeting date: February 20, 2018

For the Metropolitan Council meeting of February 28, 2018

Subject: Land Acquisition for Affordable New Development Loan Forgiveness, City of Saint Paul, Saxon Ford Site

District(s), Member(s): District 14, Jon Commers

Policy/Legal Reference: MN Statutes 473.253

Staff Prepared/Presented: Paul Burns, Manager, Livable Communities Act (651) 602-1106

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council (1) approve the City of Saint Paul's request to forgive the \$1,000,000 Land Acquisition for Affordable New Development (LAAND) loan for the City's proposed assisted living and commercial development on the property formerly known as the "Saxon Ford site"; and (2) authorize the Community Development Director to execute amended loan forgiveness agreements for this project.

Background

The Council initiated the LAAND loan program, in partnership with Minnesota Housing and the Family Housing Fund, in 2008. The program provided zero-interest loan financing to help Livable Communities Act (LCA) participating communities acquire land for future projects to address their affordable housing needs. The Council made \$4 million available for the initiative from the Livable Communities Demonstration Account (LCDA) on a one-time basis and awarded five loans between 2008 and 2011. The combination of communities' reluctance to borrow and complications of loan and property holding issues led to limited interest from participating communities. As a result, the Council discontinued offering LAAND loans in 2012.

In 2008, Saint Paul received a loan for \$1,000,000 for the "Saxon Ford site," which is five parcels between University and Sherburne Avenues, on the west side of Galtier Street. The proposal was for an undetermined number of housing units with at least 30% of them to be affordable.

In 2012, in an effort to help communities that had acquired properties with the loans, the Council authorized staff to negotiate the loans to be forgivable if the community could produce a project consistent with the original intent of the program and the community's loan application ([Item 2012-335](#)). The Council forgave a \$543,500 loan to Forest Lake when their site was developed into an affordable housing development, consistent with the city's original loan application. At present, the loan to Saint Paul for the "Saxon Ford site" is the only outstanding LAAND loan.

The city's consultation with neighborhood residents resulted in feedback that the neighborhood was favorable to an assisted living senior facility, but less favorable to traditional affordable housing, given the large amount of affordable housing already existing in the neighborhood. After considerable effort and neighborhood input, Saint Paul has now attracted a developer with a project for the site.

Rationale

The City's current proposed development is a 50-unit assisted living facility with memory care on the northern part of the property and a separate two-story

commercial building on the corner of University Avenue and Galtier Street. Fifteen of the assisted-living units would be affordable at 60% of Area Median Income. Council staff believe that the proposed project is consistent with the statutory and Council criteria for LCDA program projects.

Thrive Lens Analysis

This project would help further the Thrive Equity outcome, by contributing to a mix of housing opportunities, in this case, assisted living, in an Area of Concentrated Poverty, along the METRO Green Line. It would also help further the Thrive Prosperity and Livability outcomes by providing convenient access for workers at the facility by its location on the Green Line.

Funding

The Council awarded the City of Saint Paul a \$1,000,000 LAAND loan for this site in 2008. This action would forgive that loan to help catalyze the proposed project.

Known Support / Opposition

Staff is aware of no opposition to this project. The City indicated it has held several neighborhood meetings about this site and project.