

Memorandum of Understanding

This Memorandum of Understanding (“Memorandum”) is made and entered by and between the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”), and the County of Ramsey (“County” or “Ramsey County”).

Recitals

WHEREAS, the HRA wishes to purchase a tax-forfeited property located in the City of St. Paul, PIN: 27-29-23-44-0075 (the “Property”), also known as 1179 Seminary Avenue, for less than its market value for the purpose of renovating the home to create an affordable housing rental unit, which may then later be sold to a qualified homebuyer; and

WHEREAS, the HRA can purchase the Property for less than market value only if the Property will be used for the development of affordable housing; and

WHEREAS, the County is willing to accommodate the HRA’s request to purchase the Property on the terms and conditions contained in this Memorandum.

NOW THEREFORE, in consideration of the recitals, and other good and valuable consideration, and intending to be legally bound, the HRA and County agree as follows:

1. The HRA has provided to the County its specific plans for developing affordable housing on the Property and the specific law or laws that empower it to acquire the Property in furtherance of those plans.
2. **Identity of the Developer.** The HRA identifies Community Action Partnership of Ramsey and Washington Counties (“CAPRW”) as the developer (the “Developer”) of the Property. The HRA agrees that the Developer meets the requirements for developers set forth in Section 4.57.60.b.1. of the Ramsey County Administrative Code.
3. The County Assessor has determined that the Property has a market value of \$40,000. In consideration of the Property’s use for affordable housing, the County will sell the Property to the HRA for 25% of its market value, which is \$10,000, plus maintenance costs and recording fees.
4. The HRA agrees to sell or otherwise convey the Property for affordable housing only to the Developer or other owner (“Owner”) who agrees: (1) to rent the Property to persons or families whose household incomes at the time of their written application to lease does not exceed 60% of the area median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development (“HUD”); and (2) rent for the size of the unit within the Property cannot exceed 30% of 60% of the area median income, adjusted for family size. The amount of rent owed may

include those costs paid by tenants if permitted by the applicable HUD program. The Owner may be the Developer, or if the HRA chooses to retain ownership during development, the Owner is the legal entity to which the HRA transfers ownership of the Property once it first becomes available for rent.

5. If in subsequent years after the Property first becomes available for rent, the household income for a family increases to more than 80% of the area median income as adjusted for family size, the Owner may convert the rent to "Fair Market" rent as established by HUD. If this conversion occurs, "Fair Market" rent will continue even if the household income subsequently decreases below the 80% threshold.
6. If the Owner agrees to accept Section 8 vouchers, Owner is deemed to meet income and rent limit requirements for those housing units for which such Owner accepts vouchers.
7. The Owner must abide by the Fair Housing Act in rental decisions. Income qualification must only be satisfied at the time of each written application to lease the Property. A yearly certification of low-income rental property from the Housing Finance Agency as provided in Minnesota Statutes Section 273.128 is required to be provided to the HRA.
8. The Owner will continue to qualify even if there is temporary noncompliance caused by an increase in incomes of existing tenants as long as any vacancies are filled by qualifying low-income renters until the noncompliance is corrected.
9. Any resale or other conveyance of the Property during the seven (7) years after the Owner receives a rental license to rent the Property must be to an Owner as defined above, or a "qualified homebuyer", which is defined as a buyer agreeing to continuously occupy and homestead the Property and whose household income does not exceed 80% of area median income as adjusted for family size, as set forth in Section 4.57.60.b.2. of the Ramsey County Administrative Code. Income qualification must only be satisfied at time of the written application by the qualified homebuyer.
10. The HRA will place a Declaration of Conditions and Restrictions of record to assure compliance with the terms of this Memorandum. In the case of non-compliance with these terms by the Owner, the HRA will, at its discretion, either enforce the Declaration or require the non-compliant Owner to pay for a pro-rated share of the discounted market value provided by the County for its sale of the Property and the recaptured benefits, as described in Section 4.57.60.b.2 of the Ramsey County Administrative Code, are payable to the County within 90 days of notification of non-compliance. The HRA shall include in its purchase agreement with the Developer or qualified homebuyer, and require that the Developer include in its purchase agreement with the qualified homebuyer, that if the qualified homebuyer fails to maintain the Property as the homebuyer's homestead as set forth in Section 4.57.60.b.2.i


of the Ramsey County Administrative Code, the qualified homebuyer is liable for a pro-rated share of the Property's discounted market value paid by the qualified homebuyer to be repaid to the County. Ramsey County has no obligation to enforce the Declaration.

11. The income qualification requirements set forth in Sections 4 and 9 as well as the Declaration described in Section 10 and accompanying provisions to recapture benefits will terminate upon occurrence of any of the following events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD or to a conventional mortgage lender.

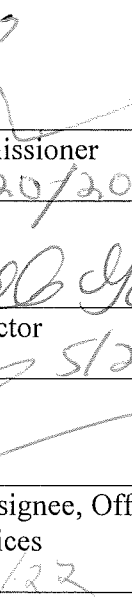
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the HRA and County have executed this Memorandum by its authorized representatives as of the last date written below ("Effective Date").

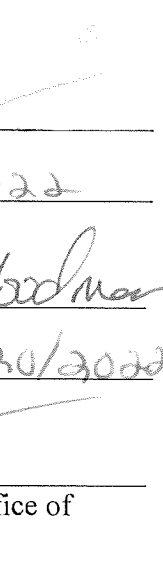
HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA **COUNTY OF RAMSEY**

By: 
Its: Chair or Commissioner
Date: 5/20/2022

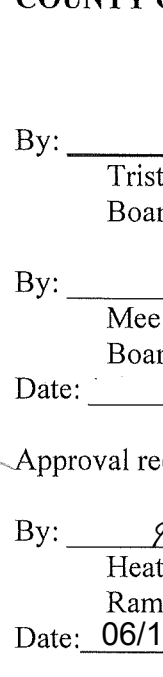
By: _____
Trista MatasCastillo, Chair
Board of County Commissioners

By: 
Its: Executive Director
Date: 5/20/2022

By: _____
Mee Cheng, Chief Clerk
Board of County Commissioners

By: 
Its: Director or Designee, Office of
Financial Services
Date: 5/20/22

Approval recommended:
By: Heather Bestler
Heather Bestler
Ramsey County Auditor/Treasurer
Date: 06/15/2022

Approved as to form:

Assistant City Attorney
Date: 5/20/2022

Approved as to form:
Melitta Drechsler
Assistant County Attorney
Date: June 15, 2022

This instrument was drafted by:
Ramsey County Property Tax, Records and Election Services
Tax Forfeited Land Section
90 Plato Blvd. W.
St. Paul, MN 55107