

Board of Commissioners

Request for Board Action

Item Number: 2021-281

Meeting Date: 6/15/2021

Sponsor: Property Tax & Election Services

Title

Sale of a Tax-forfeited Property Located at 612 Wells Street to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota

Recommendation

1. Approve the sale of the tax-forfeited property located at 612 Wells Street (29-29-22-42-0195) to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota for \$3,500.00, plus maintenance costs and recording fees, with a deed restriction and/or restrictive covenant limiting purchases of the property for the next seven years to parties qualifying for affordable housing; and
2. Authorize the Chair and Chief Clerk to execute the Memorandum of Understanding

Background and Rationale

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") requests to acquire the tax-forfeited property located at 612 Wells Street for a price less than its market value. The property is an unimproved residential lot, 40 by 125 feet. The County Assessor's Office has determined the market value to be \$14,000.00. The HRA has partnered with Dayton's Bluff Neighborhood Housing Services, to develop new affordable housing. The development is expected to take place within 18 months from the date HRA acquires title to the property, which meets expectations as set in Section 4.57.60.b.1 of Ramsey County's Admin Code.

Minnesota Statutes, section 282.01, subd. 1a (d) allows the county board to sell tax-forfeited land for less than its market value to a government subdivision of the state if it believes that a reduced price will lead to the development of affordable housing. The government subdivision must document its specific plans for developing affordable housing and the specific law or laws that empower it to acquire real property in furtherance of the plans.

Property Tax, Records & Election Services has reviewed the specific plans and authorizations required by statute and recommends that the property be sold to the HRA. A Memorandum of Understanding between the County and the HRA requires the HRA to place and enforce a deed restriction and/or declaration of restrictive covenant on the property requiring that it will only be sold to parties qualifying for affordable housing for the next seven years.

On August 20, 2019 the County Board approved lowering the maximum threshold to qualify for the owner-occupied affordable housing discount from 115% of the area median household income as adjusted for family size ("AMI") to 80% AMI. For this sale, a qualifying purchaser is a homebuyer who continuously occupies and homesteads the property and whose household income at the time of written application to acquire the property does not exceed 80% of the area median income as adjusted for family size. Duplex and triplex properties may include rental units. Since the development will be for affordable housing the recommended sale price at 25% of the market value or \$3,500.00, plus maintenance costs and recording fees, is consistent with the County Board policy describing the terms under which it will sell property for less than market value for affordable housing.

County Goals (Check those advanced by Action)☒ Well-being☒ Prosperity☐ Opportunity☐ Accountability**Racial Equity Impact**

There is a 32.7% disparity in homeownership rates between white and non-white households in the City of Saint Paul, with only 28.5% of non-white households living in a space they own and control, as opposed to paying rent. Homeownership has been shown as an effective way to transfer wealth/prosperity between generations and the lack of homeownership has future implications on the prosperity of these households. For non-white, low-income households, the recent increases in rents mean that there is limited affordable rental housing available. The increase in home values means that there are fewer options for affordable home ownership as a choice or as an alternative to renting. While the numbers are relatively small, the program of selling tax forfeited property for the development of owner-occupied and affordable rental housing helps to increase the number of properties available for low income families, including non-white families.

For more information on housing affordability by race see

<https://www.stpaul.gov/departments/planning-economic-development/racial-equity-metrics> and

<https://www.ramseycounty.us/sites/default/files/Government/Leadership/Board%20of%20Commissioners/Board%20workshops%20%26%20discussions/02-26-19%20Discussion%20Packet%20-%20Housing%20Affordability.pdf> and pages 6 to 8 of

<https://www.ramseycounty.us/sites/default/files/Budget%20and%20Finance/2020-2021%20Budget/County%20Auditor%20Treasurer%202020%20property%20tax%20trends%20presentation.pdf>

Community Participation Level and Impact

The community is informed about this action through County Board documentation, which is published on the County's website at <https://www.ramseycounty.us/your-government/leadership/board-commissioners/board-meetings-information>

☒ Inform☐ Consult☐ Involve☐ Collaborate☐ Empower**Fiscal Impact**

Revenue from sales of tax-forfeited property is deposited into the Tax Forfeited Land Sale Fund. Net proceeds in the Fund, after paying administration costs and assessments, are distributed 40% to the County, 40% to the School District and 20% to the City of Saint Paul on an annual basis.

County Manager Comments

The proposed action is consistent with Minnesota Statutes and County Board policy dealing with the sale of tax-forfeited land to a government subdivision for less than market value for the development of affordable housing. The Memorandum of Understanding providing for a deed restriction and/or restrictive covenant limiting purchases of the property for the next seven years to parties qualifying for affordable housing helps to ensure that the property will be used for affordable housing.

Last Previous Action

On August 20, 2019, the County Board lowered the maximum qualifying threshold for the owner-occupied affordable housing discount from 115% of the area median household income as adjusted for family size to 80% AMI. The Board also provided that the income qualification requirements will terminate in the case of foreclosure or foreclosure related activity (Resolution B2019-202).

On February 26, 2019, the County Board held a workshop and discussed Housing Affordability.

On October 24, 2017 the County Board approved the amended terms of sale and enforcement requirements for the sale of non-conservation tax-forfeited property for less than market value to a governmental subdivision of the state for the development of affordable housing and expanded the program to allow for the development of rental property for affordable housing (Resolution B2017-274).

On July 23, 2013 the County Board adopted a policy establishing the terms and conditions to sell tax-forfeited property for less than market value to a governmental subdivision of the state if it believes that a reduced price will lead to the development of affordable housing (Resolution 2013-210).

Attachments

1. Resolution No. RES PH 20-202, Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, Dated: April 16, 2021
2. Memorandum of Understanding between the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota and Ramsey County
3. Map of property