

MULTIFAMILY RENTAL HOUSING PROGRAM OF THE
CITY OF SAINT PAUL, MINNESOTA, AND THE
HOUSING AND REDEVELOPMENT AUTHORITY OF
THE CITY OF SAINT PAUL, MINNESOTA
(MARSHALL AVENUE FLATS PROJECT)

Adopted November 8, 2023

Proposal; Authority. The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”), proposes to issue governmental bonds and to take other actions in furtherance of the objective of financing the acquisition, construction, and equipping of the multifamily rental housing project described herein (this “Program”) pursuant to applicable authority conferred upon the HRA by the laws of the State of Minnesota, including without limitation Minnesota Statutes, Chapter 462C, as the same may be amended from time to time (collectively, the “Act”).

Purposes. In creating this Program, the City of Saint Paul, Minnesota (the “City”) and the HRA are acting in furtherance of their findings that the preservation of the quality of life in the City is in part dependent upon the maintenance and provision of adequate, decent, safe, sanitary, and affordable housing stock; that accomplishing the goals of this Program is a public purpose and will benefit the residents of the City; that the need exists within the City to provide in a timely fashion additional affordable rental housing; that there exists, or are expected to exist, persons within the City who are and will be able to benefit from and are in need of the Program; that the Program is necessary in view of the limited resources that may be available to such persons relative to the expenses involved in accomplishing the type of objectives outlined in this Program in the absence of one or more of the forms of assistance described herein or otherwise available pursuant to the Act; and that the City and HRA hereby find that such forms of assistance are often necessary for the benefit of such persons, families, and goals and that, furthermore, the successful implementation of the objectives of the kind described in this Program has been found to provide impetus for the development of other housing in the City, as well as the general development of the City, by other persons who are not the beneficiaries of such governmentally sponsored or assisted activities.

Rental Housing Purposes. More particularly, the City and the HRA find that there exists a need for multifamily rental housing, due to a variety of factors, including that the cost of the construction of multifamily rental units, may in many cases prove economically unfeasible, given the high costs of construction and prevailing area rental levels, and that therefore appropriate levels of public assistance may be helpful and necessary in bridging that gap.

General Description of the Program. The “Housing Project” this Program addresses consists of (i) financing the acquisition, construction and equipping of a six-story approximately 98-unit multifamily rental housing development and functionally related facilities, including surface and one-level of underground parking, to be located on an approximately 1.91 acre site located at 1606 Marshall Avenue in the City (the “Housing Project”); (ii) funding one or more reserve funds, if necessary, to secure the timely payment of the Bonds (as defined below); (iii) paying interest on the Bonds during the construction of the Housing Project, if necessary; and (iv) paying the costs of issuing the Bonds. The initial owner and operator of the Housing Project will be Marshall Flats, LLLP, a Minnesota limited liability limited partnership (or an affiliated entity, the “Borrower”). The Borrower will own and operate the Housing Project.

In accordance with Section 462C.05, subdivision 2 of the Act, the Housing Project is designed to be affordable by persons and families with adjusted gross income not in excess of the limits set forth in Section 462C.03, subdivision 2, and by other persons and families to the extent determined to be necessary in furtherance of the policy of economic integration stated in Section 462A.02, subdivision 6, with at least 20% of the dwelling units held for occupancy by families or individuals with adjusted gross income not in

excess of 80% of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area.

Under federal law, at least 20% of the units must be occupied by persons or families whose family incomes do not exceed 50% of area median gross income or 40% of the units must be occupied by persons or families whose family incomes do not exceed 60% of area median gross income.

In addition, certain of the funds funding the Housing Project will require that at least 10 of the units must be occupied by persons or families whose family incomes do not exceed 30% of the area median income.

Location. This Program is limited to the Housing Project. The Housing Project will be located on an approximately 1.91 acre site at 1606 Marshall Avenue in the City.

Bonds. The estimated maximum aggregate principal amount of tax-exempt and taxable governmental bonds to be issued by the HRA in one or more series, at one time or from time to time, bearing interest at fixed or variable rates, to be offered publicly and/or privately, and using, in part, recycled bonding authority, to be issued to finance the Housing Project is estimated not to exceed \$21,000,000 (the “Bonds”). The proceeds will finance a portion of the costs of the acquisition, construction and equipping of the Housing Project and pay costs of issuing the Bonds, if necessary, and may be used to establish a reserve, if necessary.

The Housing Project will be operated as a multifamily housing development within the meaning of Section 462C.02, subdivision. 5 of the Act. The Bonds may be structured so as to take advantage of whatever means are available or necessary, and are permitted by law, to enhance the security for and marketability of the Bonds. Substantially all of the net proceeds of the Bonds (the initial principal amount thereof, less any amounts deposited in a reasonably required reserve or paid out as costs of issuance of the Bonds) will be used to pay the costs of the Housing Project, including any functionally related and subordinate facilities.

The HRA has adequate existing capacity to administer, monitor and supervise the Housing Project in order to ensure that the Housing Project will be consistent with the Housing Plan (defined below). The Borrower will construct the Housing Project in compliance with all applicable development restrictions, and all new construction is subject to applicable state and local building codes. The Borrower will be required to operate the Housing Project in accordance with state and local anti-discrimination laws and ordinances.

The costs of the Housing Project and the Program undertaken to finance the Housing Project, including specifically the costs to the HRA, will be paid or reimbursed by the Borrower.

Housing Plan. The City and HRA hereby adopt the Housing Chapter within the City’s adopted Comprehensive Housing Plan of the City of Saint Paul as the housing plan relating to the Housing Project (the “Housing Plan”).

Monitoring. The Program will be monitored by the HRA. The HRA expects to enter into or continue suitable agreements with necessary parties to ensure consistent compliance with the objectives of this Program, as well as with the requirements of applicable law.

Meeting Needs; Methods. The Program will help meet the need for affordable rental housing. The City and the HRA believe that this Program will help meet the identified needs under this Program. The specific methods anticipated to be used include the issuance of governmental bonds under the Act to provide

feasible financing for various aspects of the Program so undertaken. The HRA will monitor the implementation of this Program pursuant to its loan agreement with the Borrower for the loan of the proceeds of the Bonds in order to fund a portion of the cost of the Housing Project.

Authorization. The Program is undertaken pursuant to the Act and is consistent with the housing plan of the City's comprehensive plan.

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