

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: JUNE 4, 2025

REGARDING: RESOLUTION APPROVING AND AUTHORIZING RESERVATION OF FUNDS FOR CERTAIN SAINT PAUL PROJECTS APPLYING FOR FUNDING FROM THE MINNESOTA HOUSING FINANCE AGENCY, DISTRICTS 1, 2, 3, 4, 5 AND 8, WARDS 1, 2, 6 and 7

Requested Board Action

HRA approval of commitments to reserve \$10,050,000 of HRA funds, and establish purchase prices for HRA-owned land, for the following projects:

1. A maximum reservation of \$4,000,000, and setting a purchase price of \$300,000, for the Hamm's East End Apartments site located at 680 & 694 Minnehaha Avenue E.
2. A maximum reservation of \$2,500,000, and setting a purchase price of \$57,820, for the GloryVille project located at 1570 White Bear Avenue.
3. A maximum reservation of \$650,000, and setting a purchase price of \$1.00, for the Face-to-Face project located at 1170 Arcade Street.
4. A maximum reservation of \$1,000,000 for the Torre de San Miguel project located at 58 E. Wood Street.
5. A maximum reservation of \$500,000 for the Aragon project located at 470 White Bear Avenue.
6. A maximum reservation of \$1,400,000 for the scattered site Ramsey Hill project located in the Cathedral Hill neighborhood.

Background

The Minnesota Housing Finance Agency (MHFA) requires that projects applying for financial assistance as part of the Agency's annual funding solicitation, the "Consolidated RFP", provide evidence of funding reservation to earn "commitment points" and provide site control letters indicating purchase prices, to earn non-capital contribution or land write down points, under the MHFA scoring criteria. Projects without substantial funding reservation and non-capital

contribution points will likely not be competitive enough to obtain an award. Land write-down commitments, as evidenced by established purchase prices, are being proposed for the Hamm's East End Apartments, GloryVille and Face to Face projects.

PED staff have identified various HRA funding sources to be reserved for six projects applying for MHFA funding in July 2025.

Hamm's East End Apartment Project – Hamm's Brewery Site

JB Vang plans to construct the Hamm's East End Apartment project, which will be an 8-story building with 6 levels of housing over 2 levels of parking and a 70-space surface lot for shared commercial parking. There will be 110 affordable apartments with a unit mix serving a range of household sizes. Rent levels will range from 30% AMI to 60% AMI providing deeply affordable and family sized units. The total development cost of the East End Apartment project is \$59,070,925. The purchase price JB Vang offered in response to the HRA RFP was \$1,000,000. The land price of \$300,000 will help fill the financing gap for the project and leverage MHFA points for non-capital contributions. This includes land and historic structures that JB Vang has proposed to convert into artists lofts (West End Apartments) and a commercial marketplace. The West End Apartments will consist of 86 units with rent levels between 30% and 60% AMI. JB Vang anticipates that both the East and West End projects will close in early 2027. It is anticipated the East End Apartment project will leverage \$18,506,238 in low-income affordable housing tax credit equity, approximately \$10,000,000 in deferred funding from MHFA, and future grant funds from the Metropolitan Council and Ramsey County. Recently the Metropolitan Council awarded the Hamm's project a \$40,000 predevelopment grant for a geothermal feasibility study. A sources and uses of funds is attached.

GloryVille – 1570 White Bear Avenue

GloryVille LLC plans to construct a new four-story building with 87 affordable apartments with unit sizes that include efficiency, 1-, 2- and 3-bedroom units. The building will also contain 23,136 square feet of commercial space. The project will have 93 surface and 63 underground parking spaces. Apartment rents will range from 30% AMI to 60% AMI, providing deeply affordable, workforce and family sized units. The purchase price GloryVille offered in response to the RFP

was \$1,200,000. The land price of \$57,820 represents a land write down of \$1,142,180, which will help fill the financing gap for the project and leverage MHFA points for non-capital contributions. The total development cost of the GloryVille project is approximately \$50.4 Million. It is anticipated the project will leverage \$11.2 Million in low-income affordable housing tax credit equity and \$10 Million in funding from MHFA, as well as future grants from the Metropolitan Council, Ramsey County and DEED.

Face to Face – 1170 Arcade Street

The Face to Face project will include the new construction of a four-story building with 24 affordable apartments with unit sizes that include efficiency, 1-, and 2-bedroom units. The building will also contain 6,000 square feet of office space. In response to the RFP, the developer, Face to Face, offered to purchase the property for \$1.00. An appraisal indicated the property value of \$81,500. Thus, the sale price of \$1 represents a land write down of \$81,499. The project has recently been awarded 24 Housing Supports from Ramsey County and a \$260,000 LCDA pre-development grant from the Metropolitan Council. It is anticipated the project will leverage \$7.2 Million in funding from MHFA, and future funds from the Metropolitan Council, DEED and Ramsey County.

Torre de San Miguel- 58 E. Wood Street

The Torre de San Miguel project, owned by CommonBond Communities and originally constructed in 1971, includes the preservation of 142 deeply affordable family units in multiple buildings across 10 acres. The property is comprised of 64 two-bedroom, 64 three-bedroom and 14 four-bedroom townhouse units and is in need of a comprehensive rehabilitation to address critical physical needs including security, asbestos and a poor roof design that is contributing to water damage, as well as deferred maintenance. It is anticipated the project will leverage \$22.1 million in low-income affordable housing tax credit equity, \$4.5 million in State LIHTC equity, \$5.6 million in funding from MHFA, \$600,000 in funding from Ramsey County, \$400,000 in foundation contributions, and potential additional sources from the Metropolitan Council.

The Aragon – 470 White Bear Avenue

The Aragon project includes the new construction of 53 units of affordable workforce housing. Unit sizes include 12 one-bedroom, 27 two-bedroom, 9 three-bedroom, and 5 four-bedroom units. The developer, Beacon Interfaith, has received a commitment of 21 project based vouchers from the Saint Paul Public Housing Agency, which apply a rent and income restriction that ensure residents pay no more than 30% of their income toward housing. Depending on whether the project is financed with bonds and 4% low-income housing tax credits or 9% low-income housing tax credits, the project could leverage up to \$20.4 million in tax credit equity. Further, the developer intends to apply for funding through MHFA, Ramsey County, and the Metropolitan Council.

Ramsey Hill – Cathedral Hill Neighborhood

The Ramsey Hill project consists of 54 units in 6 buildings located across the Cathedral Hill neighborhood including 432 Dayton, 436 Dayton, 658 Dayton, 232 Marshall, 478 Marshall and 486 Marshall. Unit sizes range from efficiencies to three-bedrooms as follows: 6 efficiencies, 36 one-bedroom, 4 two-bedroom, and 8 three-bedroom units. The developer, Trellis Co., has been awarded 13 project-based vouchers and have a combination of existing and pending Housing Supports and Section 811 vouchers, effectively limiting rents in 26 units to 30% of the household's income; the remaining units are limited to households at 50% AMI. Nine units are dedicated to people with disabilities and 4 include permanent supportive housing services. This deeply affordable housing resource is in need of refinancing to maintain affordability in an area of Saint Paul that continues to experience ongoing displacement of lower income residents. Trellis is planning a full rehabilitation of the portfolio, which has not been done since the mid-1990s. These improvements will result in safer and more comfortable housing for the tenants, lower energy costs and emissions, and continued affordability in Cathedral Hill. The developer will submit applications to assume the properties' current debt, reduce interest rates to 0%, and forgive accrued interest. The goal is to refinance this project with bonds and 4% low-income housing tax credits or 9% low-income housing tax credits, which could leverage up to \$12.3 million in tax credit equity. The developer plans to apply for additional funds from Ramsey County and MHFA programs, and to continue pursuit new funding opportunities.

Budget Action

There is no required budget action at this time.

Future Action

Future HRA actions may include:

1. Authorization of land sales
2. Approval of loan amounts, terms and conditions, and authorization execute development and/or loan agreements
3. Authorization to issue tax-exempt bonds and low-income housing tax credits
4. Authorization of pass-through loan agreements.

Financing Structure

Preliminary sources and uses of funds are attached; sources and uses will be finalized following underwriting and funding partner commitments.

PED Credit Committee Review

PED Credit Committee review is not a requirement of this action.

Compliance

All projects will be required to meet City compliance requirements. Projects that receive federal funding will comply with Federal Davis Bacon and Section 3, as applicable.

Green/Sustainable Development

All projects will comply with the Sustainable Building Ordinance as applicable.

Environmental Impact Disclosure

An environmental review will be required on any project containing or receiving federal financial assistance.

Historic Preservation

Historic preservation requirements will be adhered to as applicable.

Public Purpose/Comprehensive Plan Conformance:

The Hamm's East End Apartment project will create new family friendly affordable housing and provide parking that will support the historic adaptive use rehabilitation project which will have commercial activity including wealth building opportunities for local businesses. The rehabilitation of the Hamm's structures, that have been vacant for many years, will contribute to the vitality of the Dayton's Bluff neighborhood. Additionally, the larger site plan supports strong and accessible connections for pedestrians and bicyclists, providing access to Bruce Vento Trail and Swede Hollow Park.

The Hamm's redevelopment aligns with the goals of the City's 2040 Comprehensive Plan. The Hamm's Brewery Complex was designated as a Mixed-Use Opportunity Site in the City's 2040 Comprehensive Plan, allowing for higher density mixed-use development or employment centers (Policy LU-2). The proposed development will also meet the following goals established in the City's 2040 Comprehensive Plan:

- Policy H-7. Reduce overcrowding within housing units, caused by doubling up of households and inadequate space for large families, through the production of small and family-sized affordable housing options.
- Policy H-15. Accommodate a wide variety of culturally appropriate housing types throughout the city to support residents at all stages of life and levels of ability.
- Policy H-31. Support the development of new affordable housing units throughout the city.
- Policy H-46. Support the development of new housing, particularly in areas identified as Mixed Use, Urban Neighborhoods, and/or in areas with the highest existing or planned transit service, to meet market demand for living in walkable, transit-accessible, urban neighborhoods.
- Policy PR-31. Encourage and support private landowners and developers to create and maintain privately-owned public space (POPS) and green infrastructure, especially as land use intensity and activity levels increase.
- Policy HP-6. Maintain and preserve designated and determined eligible historic and cultural resources.

- Policy HP-9. Prioritize the preservation of properties and districts designated for heritage preservation from destruction or alteration that would compromise the integrity of their character-defining features.
- Policy LU-6. Foster equitable and sustainable economic growth by supporting business, real estate and financial models that keep more money locally, such as locally owned businesses, local-prioritized employment, employee-owned businesses and commercial land trusts.

The proposal is consistent with the 2009 Dayton's Bluff District Plan, the 2012 Near East Side Roadmap, the 2019 Swede Hollow Master Plan, The Hamm's Reuse and Vision Strategy and it is consistent with the goals described in the April 2022 community letter to the HRA.

The GloryVille proposal conforms to the 2040 Saint Paul Comprehensive Plan (Comp Plan). In Map LU-2 the Comp Plan designates the site's future land use as Mixed Use with a Neighborhood Node, both of which are furthered by the proposed intensification of the site with multi-family residential and grocery store uses. The Comp Plan also designates this site as an Opportunity Site, which via Policy LU-2 is to be redeveloped as higher-density mixed-use or employment centers, with community services that are completely absent in the surrounding area; the proposal includes higher-density mixed-use and a grocery store in what is largely a fresh food desert. The proposal also furthers Policy LU-6 by supporting a new locally owned grocery store, Policy LU-10 by providing an active first-floor use, Policies H-17 and H-31 by providing deeply affordable rental housing, and Policy H-37 by developing affordable housing in an area well-served by public transit. Additionally, the proposal furthers several policies of the Greater East Side (District 2) Plan Summary and the White Bear Avenue Small Area Plan Summary, both of which are adopted as Comp Plan addenda.

The Face-to-Face proposed project would redevelop a long-vacant HRA-owned site near the key commercial intersection of Arcade Street and Maryland Avenue, while creating new affordable housing and increasing the reach of critical health services available to the community. Additionally, the preliminary design of the project suggests a development that aims to provide a high-quality street presence and should enhance and utilize the assets along Arcade Street.

The following goals/policies from the Saint Paul 2040 Comprehensive Plan would be engaged by this redevelopment:

- LU-3: Prioritize equitable public investments relative to areas of concentrated poverty as defined by the Metropolitan Council.
- LU-6(3): Foster equitable and sustainable growth by growing Saint Paul's tax base in order to maintain and expand city services, amenities and infrastructure.
- LU-6(4): Foster equitable and sustainable growth by proactively directing new development to high-priority geographies, such as Neighborhood Nodes, ACP50 Areas and Opportunity Sites.
- LU-31: Invest in Neighborhood Nodes to achieve development that enables people to meet their daily needs within walking distance and improves equitable access to amenities, retail and services.
- LU-34: Provide for medium-density housing that diversifies housing options, such as townhouses, courtyard apartments, and smaller multi-family developments, compatible with the general scale of urban neighborhoods.
- LU-35: Provide for multi-family housing along arterial and collector streets, and in employment centers to facilitate walking and leverage the use of public transportation.
- H-15: Accommodate a wide variety of culturally appropriate housing types throughout the city to support residents at all stages of life and levels of ability.
- H-16: Increase housing choice across the city to support economically diverse neighborhoods by pursuing policies and practices that maximize housing and locational choices for residents of all income levels.
- H-18: Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness.
- H-31: Support the development of new affordable housing units throughout the city.
- H-37: Encourage the development of affordable housing in areas well-served by transit and/or in proximity to employment centers.

Furthermore, the proposal is consistent with the District 5 Plan (1979) and the Arcade Street Small Area Plan (2007).

The Torre de San Miguel project is consistent with the 2040 Comprehensive Plan and represents a significant investment in the preservation of deeply affordable, income-restricted, family-sized units. The project is partly located within the District del Sol Neighborhood Node, centered at the intersection of Cesar Chavez and Robert Street. The proposed rehabilitation project will meet the following goals established in the Plan:

- Policy LU-34: Provide for medium-density housing that diversifies housing options, such as townhouses, courtyard apartments, and smaller multi-family developments, compatible with the general scale of urban neighborhoods.
- Policy H-18. Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness.
- Policy H-39. Promote preservation of existing income-restricted affordable housing units to ensure continued affordability of those units.

Additionally, the project furthers policies in the West Side Community Plan (2013), which has been adopted as an addendum to the Comprehensive Plan.

The Aragon project is consistent with the 2040 Comprehensive Plan. The project will be constructed within close proximity to three designated Neighborhood Nodes: White Bear-Suburban, White Bear Station Area, and Sun Ray Station Area, and the newly opened Gold Line BRT. The proposed development will meet the following goals established in the Plan:

- Policy H-18. Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness.
- Policy H-31. Support the development of new affordable housing units throughout the city.
- Policy H-46. Support the development of new housing, particularly in areas identified as Mixed Use, Urban Neighborhoods, and/or in areas with the highest existing or planned transit service, to meet market demand for living in walkable, transit-accessible, urban neighborhoods.

Additionally, the proposal furthers several policies of the District 1 Plan Summary (2004), the Gold Line Station Area Plan (2015) and the White Bear Avenue Small Area Plan Summary (2001).

The preservation of the Ramsey Hill Project is consistent with the 2040 Comprehensive Plan and represents the preservation of deeply affordable units in missing middle-scale housing (4 to 18 units per building). The buildings are either located within or in close proximity to the Selby-Dale or Selby-Western Neighborhood Nodes, with direct access to the downtown job center and multiple transit options. The preservation of these units is aligned with the following goals established in the Plan:

- Policy LU-31: Invest in Neighborhood Nodes to achieve development that enables people to meet their daily needs within walking distance and improves equitable access to amenities, retail and services.
- Policy LU-34: Provide for medium-density housing that diversifies housing options, such as townhouses, courtyard apartments, and smaller multi-family developments, compatible with the general scale of urban neighborhoods.
- Policy H-18. Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness.
- Policy H-39. Promote preservation of existing income-restricted affordable housing units to ensure continued affordability of those units.

Additionally, the preservation of the Ramsey Hill project is consistent with the Summit-University District 8 Plan Summary (2009), which has been adopted as an addendum to the Comprehensive Plan.

Recommendation:

The Executive Director of the HRA recommends approval of funding reservations in the amount of \$10,050,000, and establishing purchase prices for HRA-owned land, as follows:

1. A maximum reservation of \$4,000,000, and setting an HRA land purchase price of \$300,000, for the Hamm's East End Apartments located at 694 Minnehaha Avenue.
2. A maximum reservation of \$2,500,000, and setting an HRA land purchase price of \$57,280, for the GloryVille project at 1570 White Bear Avenue.
3. A maximum reservation of \$650,000, and setting an HRA land purchase price of \$1.00, for the Face-to-Face project located at 1170 Arcade Avenue.

4. A maximum reservation of \$1,000,000 for the Torre de San Miguel project located at 58 E. Wood Street.
5. A maximum reservation of \$500,000 for the Aragon project located at 470 White Bear Avenue.
6. A maximum reservation of \$1,400,000 for the scattered site Ramsey Hill project located in the Cathedral Hill neighborhood.

This resolution will not constitute a binding or enforceable legal agreement; rather, the action taken herein is a reservation of funds that shall not become effective for each respective project until each such respective project receives its applied-for MHFA 2025 funding, and thereafter all appropriate formalities are to be followed.

Sponsored by: Commissioner Johnson

Staff: Sarah Zorn, 651-266-6570

Attachments

- **Resolution**
- **Sources and Uses**
- **Neighborhood Profiles**
- **Map**