

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

REPORT TO THE COMMISSIONERS

DATE: MAY 21, 2025

REGARDING: SUBORDINATION OF HRA LOAN TO NEW FINANCING, AND MODIFICATION OF LOAN TERMS, FOR THE OAHS SIBLEY TC LIMITED LIABILITY LIMITED PARTNERSHIP, REGARDING THE SIBLEY PARK AND SIBLEY COURT REHABILITATION PROJECT, LOCATED AT 211 EAST 7TH STREET AND 484 TEMPERANCE STREET, DISTRICT 17, WARD 2

Requested Board Action

HRA approval for the subordination of the Sibley Park \$500,000 HRA/Metropolitan Council loan to the new primary lender and Minnesota Housing Finance Agency (MHFA) loans, for the joint Sibley Park and Sibley Court recapitalization and rehabilitation project, on the condition OAHS Sibley TC Limited Liability Limited Partnership (OAHS Sibley TC LLLP), make annual loan payments of \$15,000 to the HRA for 15 years, all of which is conditioned upon closing of the project recapitalization and the MHFA subordination of their loans.

Background

Sibley Park located at 211 7th Street East, and Sibley Court located at 484 N. Temperance Street, were constructed in 2002/2003 by Sherman Associates and have a total of 236 units. Orbach Affordable Housing Solutions (OAHS) stepped into the Sibley Park and Court limited partnerships in 2019.

As part of the proposed recapitalization, the Sibley Park and Sibley Court LPs will be acquired by OAHS Sibley TC LLLP, an Orbach affiliated entity. The refinancing will combine the two projects.

On June 12, 2024, the City Council granted “host approval” to the City of Mounds View for the issuance of state volume cap 4% bonds of \$45,000,000 for the new project (RES PH 24-143). The bonds come with 4% low-income housing tax credits (LIHTC), to be issued by the HRA, and will generate about \$25 Million in equity. OAHS cannot close on the project without the subordination of the existing \$2.1 Million MHFA loans and \$500,000 HRA loan to the new primary lender.

The affordability levels of the project will be enhanced with the recapitalization and rehabilitation. The existing TIF compliance agreements, which terminate December 31, 2027, require 20% of the units of each building be affordable at 50% of AMI, an additional 60% of the units must be affordable at no more than 115% of AMI, and 20% of units have no rent restrictions. With the refinancing, OAHS Sibley TC LLLP will execute a new tax credit land use restrictive agreement (LURA) which will require 100% of the units be affordable, on average, at 60% AMI, for 30 years, with rents ranging from 30% AMI to 80% AMI. The new unit mix will meet the TIF requirements and deepen the affordability levels. The chart below shows the new unit mix.

Unit Type	Number of Units	Affordability Level			
		30% AMI	50% AMI	60% AMI	80% AMI
Sibley Court					
Efficiency	14			14	
1 Bedroom	44			44	
2 Bedroom	50	15		13	22
3 Bedroom	14	10			4
Total	122	25		71	26
Percent		20%		58%	21%
Sibley Park					
Efficiency	20			20	
1 Bedroom	39			39	
2 Bedroom	45		16	11	18
3 Bedroom	10		8		2
Total	114		24	70	20
Percent			21%	61%	18%
Total Affordable Units	236	25	24	141	46
Total Percent		11%	10%	60%	19%

Investment in the project for improvements will be approximately \$103,000 per unit. The improvements will include:

- Comprehensive rehab of the building exterior and interior common areas
- New mechanical systems
- Full interior renovation of all apartment units

- Improvement to exterior spaces and landscaping

Budget Action

N/A

Future Action

N/A

Financing Structure

The existing public financing includes a Sibley Park MHFA loan of \$700,000, a Sibley Court MHFA loan of \$1,400,000 and an HRA pass-through loan from the Met Council in the amount of \$500,000 that is deferred, at 0% interest, with a maturity date of 2042. The MHFA loans are subordinate to the primary lender and the HRA loan is subordinate to the MHFA loans.

Pending final approvals, MHFA has agreed to subordinate their loans to the new primary lender, on the condition OAHS makes annual loan payments of \$60,000 to the MHFA for 15 years.

Upon HRA subordination to the new primary lender and MHFA loans, OAHS will make annual payments of \$15,000 to the HRA. In 15 years, \$275,000 of the HRA loan balance will remain and be due in 2042 (year 17). The new Barings/Colliers primary lender loan will be \$23,618,089 with an interest rate of 5.9% and a term of 19 years. The project will leverage approximately \$24,963,301 in tax credits, with a seller loan of \$9,921,510, a general partner loan of \$15,415,213 and deferred developer fee of \$4,500,000. A Sources and Uses of Funds is attached.

PED Credit Committee Review

On May 6, 2025, the Credit Committee approved the recommendation that the HRA loan be subordinated to the new primary lender and MHFA loans on the condition that annual \$15,000 payments be made to the HRA and MHFA approval of subordination of their loans.

Compliance

Pursuant to the Bond Compliance Agreement, compliance requirements include: Affirmative Action and Equal Employment Opportunity, Prevailing Wages, Vendor Outreach, and the Sustainable Building policy.

Green/Sustainable Development

The project will comply with the Sustainable Building Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

1. One of the 2024 Comprehensive Plan's major strategies is to ensure the availability of affordable housing across the city.
2. Comprehensive Plan Policy H 3.1 calls for supporting the preservation of publicly assisted and private affordable housing

Recommendation:

The Executive Director recommends approval of the attached resolution.

Sponsored by: Commissioner Noecker

Staff: Marie Franchett, Principal Project Manager, 651-266-6702

Attachments:

- **Resolution**
- **Sources & Uses**
- **District Profile**
- **Map**