

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 9, 2024

**REGARDING: RESOLUTION RECOMMENDING APPROVAL OF FUNDING A LOAN OF \$3,350,000 FROM AMERICAN RESCUE PLAN ACT (SLFRF) FUNDS AND THE EXTENSION OF TERMS FOR ONE EXISTING HOME LOAN BOTH FOR THE KIMBALL COURT PROJECT AT 545 SNELLING AVENUE N; DISTRICT 11, WARD 4**

## **Requested Board Action**

The purpose of this report is to request the Housing and Redevelopment Authority (HRA) Board of Commissioners:

1. Recommend approval of an American Rescue Plan Act (SLFRF) loan in an amount of up to \$3,350,000 (the “ARPA Loan”).
2. Recommend approval to approve extension of terms for an existing HOME loan to be coterminous with the ARPA loan.
3. Authorize the entrance into a Subrecipient Agreement, Loan Agreement, and related documents with 545 Snelling LLC.
4. Authorize the Executive Director to finalize all documents for execution by the appropriate HRA Officers in connection with the Kimball Court housing project.

## **Background**

The HRA has received a proposal from 545 Snelling LLC (the “Developer”), whose sole owner is Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation, to rehabilitate an existing 76-unit apartment building and to construct 26 new housing units as part of an expansion at 545 Snelling Avenue N. The total number of units will be 98. The expansion will be built on the commercial property immediately to the north of the existing building. In addition to the housing units, the rehabilitation will include security and HVAC upgrades, an accessible controlled entry with a front desk, and new or rehabilitated spaces for meetings, on-site service providers, case managers, property managers, and healthcare services.

The Kimball Court project serves vulnerable individuals who experience homelessness by creating deeply affordable housing units and providing supportive services to those individuals. The supportive services will be offered by Avivo. Avivo has a partnership with Red Lake Nation to do street outreach to build trust with encampment communities in hopes of connecting those residents with resources.

Beacon Interfaith Housing Collaborative has a 25-year track record of developing affordable housing in the Twin Cities. They are a collaborative of 100 congregations across faith traditions and unite in a mission to create housing for all. Beacon has developed and currently owns and operates 21 properties, consisting of 791 units.

The project will have the following affordability and supportive housing funding:

- Twenty-four (24) City of Saint Paul ARPA units will be affordable at 30% of AMI,
- Ten (10) Ramsey County ARPA units will be affordable at 30% of AMI,
- Forty-nine (49) units will serve individuals who meet Minnesota Housing’s definition of High Priority Homeless (HPH),
- Fifteen (15) units will serve People with Disabilities (PWD)
- Twenty-four (24) units will receive project-based vouchers (PBVs)
- Seventy-four (74) units will receive Housing Support through Red Lake & Ramsey County,
- All ninety-eight (98) units are HIB Homeless units,
- Tenants of all units are required to be certified or self-certify as formerly homeless as part of the State of Minnesota Housing Infrastructure Bond (HIB) funding.

Unit Type	# Bath	# Units	Income Limit
SRO no Kitchen	0	24	30%
SRO no Kitchen	0	10	30%
SRO no Kitchen	1	15	50%
SRO no Kitchen	0	15	50%
SRO no Kitchen	1	8	50%
SRO no Kitchen*	1	2	50%
0BR/Eff*	1	15	50%
0BR/Eff*	1	3	50%
0BR/Eff*	1	6	50%

Total Units 98

\*new unit

All units will be served by some type of rental assistance associated with the above supportive housing funding, which effectively reduces the rent to 30% of AMI or below.

**Budget Action**

The current action will require a concurrent City Council budget action for the \$3,350,000 American Rescue Plan Act (SLFRF) funds.

**Future Action**

N/A

**Financing Structure**

The developer has proposed the following permanent sources and uses to complete the construction project:

<b>Permanent Sources</b>	<b>Amount</b>
<b>MHFA Housing Infrastructure Bonds MF (HIB)</b>	7,902,000
<b>Flexible Financing Cap Costs (FFCC)</b>	1,901,000
<b>City of St. Paul ARPA</b>	3,350,000
<b>Ramsey County ARPA</b>	2,941,152
<b>Met Council LCDA</b>	1,500,000
<b>Met Council TBRA</b>	147,700
<b>Ramsey County ERF</b>	136,500
<b>Ramsey GO Bonds</b>	307,848
<b>Sales Tax Rebate</b>	226,438
<b>Energy Rebates</b>	8,000
<b>Existing HOME Loan</b>	501,130
<b>Total</b>	<b>18,921,768</b>

<b>Uses</b>	<b>Amount</b>
<b>Acquisition or Refinance</b>	853,594
<b>New Construction</b>	7,215,486
<b>Rehabilitation</b>	3,763,348
<b>Contractor Fees</b>	1,509,739
<b>Contingency</b>	874,200
<b>Environmental Abatement</b>	111,293
<b>Professional Fees</b>	1,694,645
<b>Developer Fees</b>	1,103,836

<b>Financing Costs</b>	278,281
<b>Reserves and Non-Mortgageable</b>	1,016,216
<b>Assumed Debt</b>	501,130
<b>Total</b>	<b>18,921,768</b>

\$3,350,000 City ARPA Loan

The \$3,350,000 American Rescue Plan Act (SLFRF) funds will be loaned for an up to 32-year term at a 0% interest rate. All principal payments will be deferred until maturity. This loan will be subordinate to the MHFA HIB loan and the MHFA FFCC loan. The loan would be secured by a Loan Agreement, Promissory Note, a 3<sup>rd</sup> position Real Estate Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement and a UCC.

Existing \$501,130 HOME Loan

The existing HOME Loan Agreement was executed in May 2009 with the Amherst H. Wilder Foundation (“Wilder”). In 2010, Wilder transferred ownership of the property to the Developer. In May 2010, the mortgage and note were assigned to and assumed by the Developer. The original maturity date is May 13, 2040 with no (0%) per annum interest. The amended maturity date will be up to 32 years to be coterminous with the ARPA loan. The interest rate will remain at 0% and the loan will be in 6<sup>th</sup> lien position.

**PED Credit Committee Review**

On September 3, 2024, the Credit Committee reviewed and recommended approval of the proposed \$3,350,000 ARPA Loan and the extension of terms for the existing \$501,130 HOME loan. Both loans are being risk rated as “Originated as a Loss” due to the deferral period being longer than 10 years.

**Compliance**

The project will comply with the following compliance programs/requirements:

1. Affirmative Action/Equal Economic Opportunity
2. Vendor Outreach Program
3. City Labor Standards
4. Two Bid Policy
5. Project Labor Agreement
6. Living Wage

### **Green/Sustainable Development**

The project will comply with the Saint Paul Sustainable Development Ordinance.

### **Environmental Impact Disclosure**

The initial Environmental Review was completed and resulted in a Finding of No Significant Impact (FONSI). An updated Environmental Review, including review by the State Historic Preservation Office, was completed and resulted in a FONSI.

### **Historic Preservation**

As a component of the Environmental Review, the project has been reviewed and approved by the State Historic Preservation Office.

### **Public Purpose/Comprehensive Plan Conformance:**

This project is consistent with the 2040 Comprehensive Plan. Policy H-18 in the Housing Chapter of the Comprehensive Plan encourages fostering “the preservation and production of deeply affordable housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness” (p. 132), and Goal 6, Improved access to affordable housing, lists policies that are supportive of the preservation and maintenance of affordable housing (p. 137).

### **Recommendation:**

The Executive Director recommends approval of the attached resolution which approves the following actions:

1. Recommend approval of an American Rescue Plan Act (SLFRF) loan in an amount of up to \$3,350,000 (the “ARPA Loan”).
2. Recommend approval to approve extension of terms for an existing HOME loan to be coterminous with the ARPA loan.
3. Authorize the entrance into a Subrecipient Agreement, Loan Agreement, and related documents with 545 Snelling LLC.
4. Upon approval by the City Council, authorizing the Executive Director or her designees to finalize all documents for execution by the appropriate HRA Officers in connection with the Kimball Court project.

**Sponsored by:** Commissioner Jalali

**Staff:** Hannah Chong, 651-266-6552

**Attachments**

- **Map**
- **D11 Hamline Midway Neighborhood Profile**