

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 14, 2020

1. **REGARDING: RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF CONDUIT MULTIFAMILY HOUSING REVENUE BONDS FOR THE FAIRVIEW & UNIVERSITY PROJECT TO BE LOCATED AT THE INTERSECTION OF FAIRVIEW AVENUE & UNIVERSITY AVENUE; APPROVING THE EXECUTION OF RELATED DOCUMENTS; AND ADOPTING A HOUSING PROGRAM, DISTRICT 11, WARD 4**

Requested Board Action

The specific action being requested of the HRA Board is as follows:

1. HRA authorization to issue \$30,000,000 in volume cap affordable housing revenue bonds on behalf of the 1825 University Limited Partnership

Background

The University & Fairview project includes two buildings with 243 apartments, a play lot, underground and surface parking, with façades and landscaping that embrace University Avenue. There will be 2,400 SF of commercial space at the corner of Fairview and University bringing vitality to that corner. The buildings will have 15 studio, 89 one-bedroom, 63 two-bedroom, and 76 three-bedroom units. The project will utilize “income averaging” with 27 units at 30% of Area Median Income (AMI), 83 units at 50% of AMI, 58 units at 60% of AMI and 75 units at 80% of AMI. The affordability requirement will be for 30 years. The units at or below 50% of AMI will remain fixed for 30 years. Other AMI units may float, as long as overall rents and incomes average 60% of AMI.

The project is located within the T4 Traditional Neighborhood zoning district and complies with the transit-oriented development zone guidelines. No businesses will be displaced or relocated as a result of this project. Eminent domain will not be required for acquisition.

Unit Size, Rents and Income Limits:

Size	# of Units	Gross Rent	Area Median Income Limits
0BR/Eff	3	543	30%
0BR/Eff	12	905	50%
1 BR	16	582	30%
1 BR	48	970	50%
1 BR	25	1,480	80%
2 BR	7	1,163	50%
2 BR	38	1,396	60%
2 BR	18	1,812	80%
3 BR	8	806	30%
3 BR	16	1,344	50%
3 BR	20	1,613	60%
3 BR	<u>32</u>	2,104	80%
Total	243		

Budget Action

This is a conduit bond issue. The bonds shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA, City of Saint Paul, or any agency or political subdivision thereof, and shall not constitute indebtedness of any of the foregoing within the meaning of any constitutional, statutory, or charter provision, nor be a charge against their respective general assets, credit or taxing powers, and do not grant the owners or holders of the bonds any right to have the HRA, City of Saint Paul or any agency or political subdivision thereof to levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Principal and interest on the bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

Future Action

NA

Financing Structure

The total development cost is \$63,914,213. The project will be funded with short term “4%” volume cap housing revenue bonds, \$18,606,656 of Low Income Housing Tax Credits (LIHTC) equity, a Minnesota Department of Employment and Economic Development contamination cleanup grant of \$330,755, a Metropolitan Council Tax Base Revitalization Account (TBRA) contamination cleanup deferred loan of \$111,800, an energy rebate of \$100,000, cash of \$100, a deferred developer fee of \$2,920,902 and a Fannie Mae permanent loan of \$41,844,000. A sources and uses of funds is attached.

The housing revenue bonds will be privately placed with Bridgewater Bank and the AFL-CIO Housing Investment Trust. The bonds will have a term of 36 months and interest rate of 3.7%. Jones Lang LaSalle is the underwriter for the permanent financing which will be provided by Fannie Mae. The permanent financing will have a term of 18 years and a 3.55% interest rate. The 4% bonds will generate the “Automatic 4%” Low Income Housing Tax Credits (LIHTC).

PED Credit Committee Review

The Credit Committee reviewed the proposed financing on September 22nd and confirmed the proposed bond issuance is in conformance with PED policy. The committee risk rated the deferred TBRA loan as “Loss” per PED policy for deferred loans.

Compliance

This project will comply with Vendor Outreach, Affirmative Action, State Wage Rates, and Living Wage. The second *Developer/Applicant Compliance Acknowledgement Letter* has been executed by the developer and received.

A total of 1,080 construction jobs will be created by the project. Of those jobs, 1,026 will be local jobs. The 1,080 construction jobs x 52 weeks x 40 hrs. = 2,246,400 labor hrs. All trades and subs have apprenticeship programs in place as required by their local unions and the CERT program.

Green/Sustainable Development

This project will comply with the Saint Paul Sustainable Development Policy. It will meet the Green Communities guidelines and the St. Paul Overlay requirements.

Environmental Impact Disclosure

NA

Historic Preservation

NA

Public Purpose/Comprehensive Plan Conformance

This project will provide 243 units of affordable housing with 27 of those units being deeply affordable for households at 30% of area median income. The project will result in the redevelopment of vacant and deteriorated properties and increase housing density near a light rail transit station.

The project site is located in the Hamline Midway neighborhood, within the Fairview LRT Station Area. The proposed project is consistent with the Saint Paul Comprehensive Plan, the Hamline-Midway Neighborhood Plan, and the Fairview Station Area Plan. It is located within a T4 traditional neighborhood district. The T4 zoning provides for high-density, transit-supportive, pedestrian-friendly mixed-use development. It is particularly intended for use near transit stops along fixed rail transit (including commuter rail, light rail and trolley) corridors, where a greater reliance on transit makes high-density mixed-use development possible and desirable.

Policies in the Housing Chapter of the Comprehensive Plan calls for the City to help “meet market demand for transit-oriented housing” (H 1.2) and to “increase housing choices across the city to support economically diverse neighborhoods” (H 1.1); in a neighborhood characterized by predominantly lower-density (single family, duplex, and triplex housing), the proposed project will provide a large amount of affordable rental units directly adjacent to the Greenline LRT and multiple bus lines.

The Hamline Midway Coalition (HMC) has been supportive of the project, and the Hamline Midway Neighborhood Plan calls for providing “a variety of new housing options, particularly near the Greenline” (policy H3) and “better utilization of land... near transit stops” (policy LU1). The proposed project is consistent with both policies.

The Fairview Station Area Plan, while identifying the station area as a potential job and service center, calls for residential development and a mix of uses on University Avenue. The proposed project design is consistent with the plan, with proposed open spaces along University Avenue helping to visual extend green space views from Dickerman Park to the west. The project will remove a large amount of surface parking, which is consistent with the plan.

Recommendation:

The Executive Director recommends approval of the attached resolution.

Sponsored by: Commissioner Jalali

Staff: Marie Franchett, 651-266-6702

Attachments:

- **Map**
- **Sources and Uses**
- **District 11 Profile**