

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 25, 2023

REGARDING: AUTHORIZING A LOAN UP TO \$49,800 FROM THE HRA BUSINESS ASSISTANCE FUND TO ABYSSINIA GENERAL TRADING DBA ERTA ALE ETHIOPIAN, 308 E PRINCE ST, DISTRICT 17, WARD 2

Requested Board Action

Request the Saint Paul Housing and Redevelopment Authority (HRA) Board of Commissioners to approve a loan of \$49,8000 of HRA Business Assistance Loan Funds to Abyssinia General Trading for the Erta Ale Ethiopian restaurant, at 308 East Prince Street, to allow them to purchase equipment and inventory, plus provide funds for working capital.

Background

Erta ale Ethiopian opened in May, 2023 in Saint Paul’s Lowertown, taking over the former Japanese restaurant, Kyatchi, at 308 Prince Street. The restaurant’s founders are Amy Tsegaye, who has 15 years of experience working in food and beverage service management and her husband, DJ Wudmatas who is an accounting controller for a local nonprofit. Their goal is to provide genuine Ethiopian cuisine, traditional Ethiopian coffee, and a full-service bar.

Amy and DJ have invested \$186,000 of their personal equity into starting the business. They also received a loan from NDC for \$70,000, which was less than their original request. Their bank also denied their request for a business line of credit. The Business Assistance Fund loan of \$49,800 will provide working capital and allow them to purchase equipment and inventory, and to hire a bartender, line cook, and server.

Budget Action

This loan is funded from the fiscal year 2023 budgeted funds in the HRA Loan Enterprise – Business Assistance Program. No budget amendment is required. If this resolution is adopted, the balance in the program will be \$431,200.

Future Action

N/A

Financing Structure

Private financing totals \$256,000, including owner equity and private debt. Public financing totals \$49,800 from the proposed HRA Business Assistance Loan Fund. The proposed HRA Loan will have a 5-year term, with no principal or interest due for the first 18 months and fully amortizing over the remaining 42 months at a 3% interest rate.

Use	Source	Amount
Buildout and Working Capital	Owner Equity	\$186,000
Working Capital	NDC	\$70,000
Working Capital	Business Assistance Fund	\$49,800
<u>Project Total</u>		<u>\$305,800</u>

PED Credit Committee Review

The Credit Committee reviewed the proposed HRA Business Assistance Loan Funds at their October 10, 2023 meeting and approved the recommended terms and Risk Rating.

Compliance

Based on the proposed \$49,800 HRA Loan for working capital, no compliance applies to this project.

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

The Erta Ale Ethiopian project will put a Black owned and immigrant owned business in a restaurant space in downtown Saint Paul that will serve residents, workers, and visitors. It will create jobs, including jobs available to low and moderate income people, support economic activity in a key commercial district, and help generate additional private investment in Saint Paul.

Recommendation:

The HRA Executive Director recommends approval of the attached resolution, authorizing \$49,800 of HRA Business Assistance Loan Funds to Abyssinia General Trading for the Erta Ale Ethiopian project to provide working capital for the restaurant at 308 E Prince St.

Sponsored by:

Commissioner Noecker

Staff:

Rachael Weiker, 266.6571

Attachments

- **Map**
- **Public Purpose**
- **D17 Downtown Neighborhood Profile**