

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

**REPORT TO THE COMMISSIONERS**

**DATE: OCTOBER 10, 2012**

**REGARDING: RESERVATION OF 2013 LOW INCOME HOUSING TAX CREDITS FOR  
ROLLING HILLS APARTMENTS, DISTRICT 5**

**Requested Board Action**

Approval of the attached resolution (Attachment A) to reserve 100% of the 2013 Low Income Housing Tax Credits (\$996,669) for Rolling Hills Apartments located at 1325 Westminster Street.

**Background**

The Federal Tax Reform Act of 1986 created the Low Income Housing Tax Credits (“Credit”) Program which provides a reduction in federal tax liability to owners and investors of qualified low-income housing developments that comply with federally-imposed rent and tenant income restrictions for a period of 30 years.

On April 25, 2012, by Resolution 12-776, the HRA Board approved amendments to the Minneapolis/Saint Paul Housing Finance Board’s (“Finance Board”) *2013 Low Income Housing Tax Credit Procedural Manual* (“2013 Procedural Manual”) and the *2013 Qualified Allocation Plan* (“2013 QAP”) to reflect the HRA Board’s housing selection priorities for the 2013 Credit reservation. On May 9, 2012, the Finance Board approved the *2013 Procedural Manual* and the *2013 QAP*. The Finance Board also authorized the HRA Board to administer the 2013 Credit Program and reserve up to \$996,669 of 2013 Credits to qualified Saint Paul developments.

To receive 2013 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the Credit period. (See: **Attachment B** *2013 QAP*, Article VIII, Minimum Credit Qualifications.) Once the proposals are qualified, HRA staff scores the proposals based upon the selection and preference priorities established as the *2013 QAP* scoring criteria.

During August 2012, the HRA received the four applications as follows:

**Project Name/Address:** **Hamline Station – Family Housing**  
1319 University Avenue West  
**Developer:** Project for Pride in Living, Inc. (“PPL”)  
**Owner:** Hamline Station Family Housing LP  
**Project Type:** New construction of 51 affordable housing units including  
10 units of supportive housing  
**Total Units** 50 units with potential of 10 Project-Based Section 8 units  
(5 one-bedrooms renting at 30% AMI; 5 one-bedroom at  
50% AMI; 2 one-bedrooms at 60% AMI; 2 two bedrooms at  
30% AMI; 10 two-bedrooms at 50% AMI; 13 two-bedrooms at  
60% AMI; 2 three-bedroom at 30% AMI; 11 three-bedrooms at  
60% AMI)  
**Zoning District:** T2 Traditional Neighborhood District  
**Relocation:** None  
**Eminent Domain:** None  
**Project Cost:** \$12,571,132  
**City Financing:** \$200,000 requested from St. Paul Housing Trust Fund pending  
HRA Board approval)  
**Housing Tax Credit requested:** \$1,042,365

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**Project Name/Address:** **Old Home Plaza**  
370 University Avenue West  
**Developer:** St. Paul Old Home Plaza Group LLC (Aurora St. Anthony and  
Sand Company, Inc.)  
**Owner:** St. Paul Old Home Plaza Housing Group, LLC  
**Project Type:** New construction of 57 affordable housing units including  
12 units of supportive housing  
**Total Units:** 57 units (12 efficiencies units renting at 30% AMI,  
1 one-bedroom at 50% AMI, 15 two-bedrooms at 50% AMI;  
29 three-bedrooms at 50% AMI)  
**Zoning District:** T3 Traditional Neighborhood  
**Relocation:** None  
**Eminent Domain:** None  
**Project Cost:** \$13,873,374  
**City Financing:** \$37,700 (Brownfield Assessment)  
**Housing Tax Credit requested:** \$1,102,861

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**Project Name/Address:** **Prior Crossing**  
1949 University Avenue West  
**Developer:** Plymouth Church Neighborhood Foundation  
**Owner:** PCNF Prior Crossing LLC (Plymouth Church Neighborhood  
Foundation)  
**Project Type:** New construction of 44 affordable housing units for homeless  
youth/homeless young adults.

**Total Units:** 44 efficiencies units renting at 30% AMI with potential funding of 15 Project-Based Section 8 units  
**Zoning District:** T4 Traditional Neighborhood  
**Relocation:** On-site relocation - Uniform Relocation Act  
**Eminent Domain:** None  
**Project Cost:** \$9,369,375  
**City Financing requested:** \$1,200,000  
**Housing Tax Credit requested:** \$702,600

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**Project Name/Address:** **Rolling Hills Apartments**  
 1325 Westminster Street  
**Developer:** RH- St Paul Apartments LP  
**Owner:** RH-St. Paul Apartments LP (RH-St. Paul Development LP and Lutheran Social Services)  
**Project Type:** Preservation of 108 affordable housing in six apartment buildings including supportive housing units  
**Total Units:** 108 units  
 (9 efficiencies at 50% AMI; 27 one-bedrooms at 50% AMI; 69 two-bedrooms at 50% AMI; 3 three-bedrooms at 50% AMI)  
**Zoning District:** RM2, Multi-Family Residential  
**Relocation:** Temporary Relocation - Uniform Relocation Act  
**Eminent Domain:** None  
**Project Cost:** \$14,151,743  
**City Financing requested:** \$1,000,000 Deferred Loan  
**Housing Tax Credit requested:** \$1,088,536

HRA staff ranked these proposals utilizing the scoring criteria established by the Finance Board's 2013 Credit QAP, as recommended by the HRA Board. (See: **Attachment C** for the scoring for each proposal.) Pursuant to the 2013 QAP selection and preference priorities, HRA staff scored the 2013 Credit applications as follows:

Rolling Hills Apartments	180 points
Old Home Plaza	135 points
Hamline Station – Family Housing	128 points
Prior Crossing	96 points

In accordance with Article VIII (K) of the 2013 Credit QAP, Rolling Hills Apartments is being recommended to receive the 2013 Credits as that project received the most points

**Budget Action**

Not Applicable. Approval of the resolution to reserve low income housing tax credits does not require budget action.

**Future Action**

Pursuant to Resolution 11-2134, HRA Board previously directed the HRA staff to work with the owner/developer of the Rolling Hills Apartments to formulate financing alternatives that can rehabilitate the Rolling Hills Apartments while preserving its housing affordability. As appropriate, HRA staff will request HRA Board approval of a deferred loan of \$1 million dollars for the project. Pending approval of all funding, project construction would occur during 2013.

**Financing Structure**

<b>Rolling Hills Apartments</b>		
Funding Source	Amount	Action
Tax Credit Syndication Proceeds	\$9,797,824	
First Mortgage	\$2,500,000	Discussions with banks pending securing other financing
Seller Note	\$354,919	
MHFA Deferred Loan	\$500,000	Application submitted
Saint Paul HRA Deferred loan	\$1,000,000	Application submitted
	\$14,151,743	

**PED Credit Committee Review**

Not applicable. Approval of the resolution to reserve low income housing tax credits does not necessitate a review by the PED Credit Committee since no risk rating is involved.

**Compliance**

Not applicable. Approval of Credit Reservations does not activate the compliance requirements. However, the developer/project owner of Rolling Hills Apartment must comply with requirements of Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon due to other funding sources the project has secured.

**Green/Sustainable Development**

Rolling Hills Apartment development must comply with the *Saint Paul Sustainable Development Policy*.

**Environmental Impact Statement**

Not applicable. Approval of Credit Reservation does not require an Environmental Impact Statement.

**Historic Preservation**

Not applicable.

**Public Purpose**

Rolling Hills will:

- preserve 108 units of affordable housing, including six units of supportive housing for long-term homeless residents; and
- preserve housing with support services for up to 50 households with refugee status and 16 households for women who are victims of sexual exploitations; and
- develop an on-site community building with community gathering spaces and offices for apartment management staff, social service case workers, and other social service providers; and
- preserve existing, transit-friendly affordable housing; and
- preserve affordable housing, which is consistent with the City's Comprehensive Plan and its Housing Chapter Strategy 3.1 which supports the preservation of publicly assisted and private affordable housing.

**Recommendation:**

The Executive Director recommends, per the attached resolution, that the HRA Board approve the reservation of \$996,669 of the 2013 Low Income Housing Tax Credits for the Rolling Hills Apartments.

**Sponsored by: Commissioner Dave Thune**

**Staff: Joe Collins, 266-6020**

## **Attachments**

- **Attachment A**      **Resolution**
- **Attachment B**      **Minimum Qualifications for 2013 Credit applicants.**
- **Attachment C**      **2013 Credit Scoring Worksheets**
- **Attachment D**      **Maps and Project Addresses**
- **Attachment E**      **Public Purpose Form**
- **Attachment F**      **Census Facts**