

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

REPORT TO THE COMMISSIONERS

DATE: FEBRUARY 22, 2012

REGARDING: RESERVATION OF ADDITIONAL 2012 LOW INCOME HOUSING TAX CREDITS FOR ST. ALBAN'S PARK, DISTRICT 8

Requested Board Action

- Approval of the Resolution to reserve an additional \$22,478 of 2012 Low Income Housing Tax Credits totaling \$989,035 for St. Alban's Park, located at 625-701 Selby Avenue and 662-676 Dayton Avenue, as referenced as **Attachment A**

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 May 25, 2011, by Resolution 11-972, the HRA Board approved amendments to the Minneapolis/Saint Paul Housing Finance Board's ("Finance Board") *2012 Low Income Housing Tax Credit Procedural Manual* ("2012 Procedural Manual") and the *2012 Qualified Allocation Plan* ("2012 QAP") in order to reflect the HRA Board's housing priorities for the 2012 Credit Reservation. Subsequently, on June 8, 2011, the Finance Board approved the *2012 Procedural Manual* and the 2012 *QAP*.

To reserve 2012 Credit, the HRA Board must determine that an eligible project is financially feasible and viable as a qualified low-income project for the Credit period. On October 26, 2011, by Resolution 11-2134, the HRA Board determined that St. Alban's Park was a qualified Credit project, and awarded its full 2012 Credit allocation of \$966,557 to St. Alban's Park.

As the State Credit Allocator, Minnesota Housing Finance Agency ("MHFA") recently received an additional \$265,197 of 2012 Credits because the federal government increased the State's

Credit volume cap by adjusting the Housing Tax Credit Per Capita amount from \$2.15 to \$2.20. Correspondingly, HRA received an additional \$22,478 of 2012 Credits to be reserved for a qualified affordable housing project.

TCHDC has requested that these additional Credits be reserved for St. Alban's Park. It should be noted that TCHDC's 2012 Credit application noted a request to MHFA for a first mortgage of \$2,098,181. Due to limited state funds, MHFA approve a first mortgage of only \$1,870,000. These additional Credits are needed to make fill the financing gap and make the project economically feasible.

Project Name/Address:	St. Alban's Park 625-701 Selby Avenue & 662-676 Dayton Avenue
Developer/Owner:	Twin Cities Housing Development Corporation
Project Type:	Preservation of 74 affordable housing units including preserving the HUD Housing Assistance Payment ("HAP") contract for 24 units by converting a limited equity cooperative to affordable rental housing.
Total Units:	74 units with 24 Project-Based Section 8 units 28 (1-bdrm. at 50%), 9 (2 bdrms) at 50% AMI, 25 (2 bdrms at 60% AMI); 6 3 bdrms at 60% AMI and 6 four-bedrooms at 60% AMI)
Zoning District:	RM-2
Relocation:	On-site temporary relocation - Uniform Relocation Act
Eminent Domain	None
Project Cost:	\$14,664,673
City Financing:	\$1,164,000 (existing HRA debt assignable pending HRA Board approval)
Housing Tax Credit Requested:	\$1,000,000
2012 Housing Tax Credit Reservation:	\$989,035

Budget Action

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

Future Action

St. Alban's Park: As appropriate, HRA staff will request HRA Board approval to assign the existing HRA debt to the St. Alban' Park development. Pending approval of all funding, project construction could begin as early as January 2013. On February 15, 2012, City Council will

consider its acceptance of a Metropolitan Council Livable Communities Act –Local Housing Initiative Account Grant in the amount of \$400,000 for St. Alban’s Park.

Financing Structure

St. Alban’s Park		
Funding Source	Amount	Action
LMIR 1 st Mortgage	\$1,870,000	Awarded
Minnesota Housing PARIF	\$1,016,048	Awarded
Tax Credit Syndication Proceeds	\$8,406,798	
Metropolitan Council LHIA	\$400,000	Award to be accepted
Deferred Debt - Family Housing Fund	\$335,800	Requesting that existing debt be assigned to new Partnership
Deferred Debt – HRA	\$1,164,000	Requesting that existing debt be assigned to new Partnership
NCCB 2 nd Mortgage	\$1,162,027	Requesting that existing debt be assigned to new Partnership
General Partner’s Cash	\$310,000	Committed
Total of Permanent Financing	\$14,664,673	

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 project owner of St. Alban’s Park must still comply with requirements of Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon due to other funding sources that the project has secured. As appropriate, St. Alban’s Park developer will submit information regarding local hiring for construction jobs and its construction job apprenticeship programs.

Green/Sustainable Development

St. Alban’s Park will comply with *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

St. Alban's Park will:

- preserve 74 housing units of transit-friendly affordable housing, including four supportive housing units, and 12 large family housing units (3 & 4 bedrooms); and
- preserve 24 housing units with Project-Based Section 8 Assistance; and
- rehabilitate the entire housing complex to comply with HUD Housing Assistance Payment requirements; and
- preserve affordable housing that is consistent with the goals, strategies, and planned actions of the Summit/University Comprehensive Plan 2007.

In addition, the project will include:

- 37 housing units serving households at or below 50% of the area median income; and
- 37 housing units serving households at or below 60% of the area median income.

Recommendation:

The Executive Director recommends, per the attached resolution, that the HRA Board approve the award of an additional \$22,478 of 2012 Credits totaling \$989,035 of 2012 Low Income Housing Tax Credits for St. Alban's Park.

Sponsored by: Commissioner Melvin Carter

Staff: Joe Collins, 266-6020

Attachments

- **Attachment A** **Resolution**
- **Attachment B** **Maps and Project Addresses**
- **Attachment C** **Public Purpose Form**
- **Attachment D** **Census Facts**