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**CITY OF SAINT PAUL**

# **LISC CAT Fund Participation Request for acquisition of 964- 968 Payne Ave**



# CAT (Community Asset Transition) Fund Program

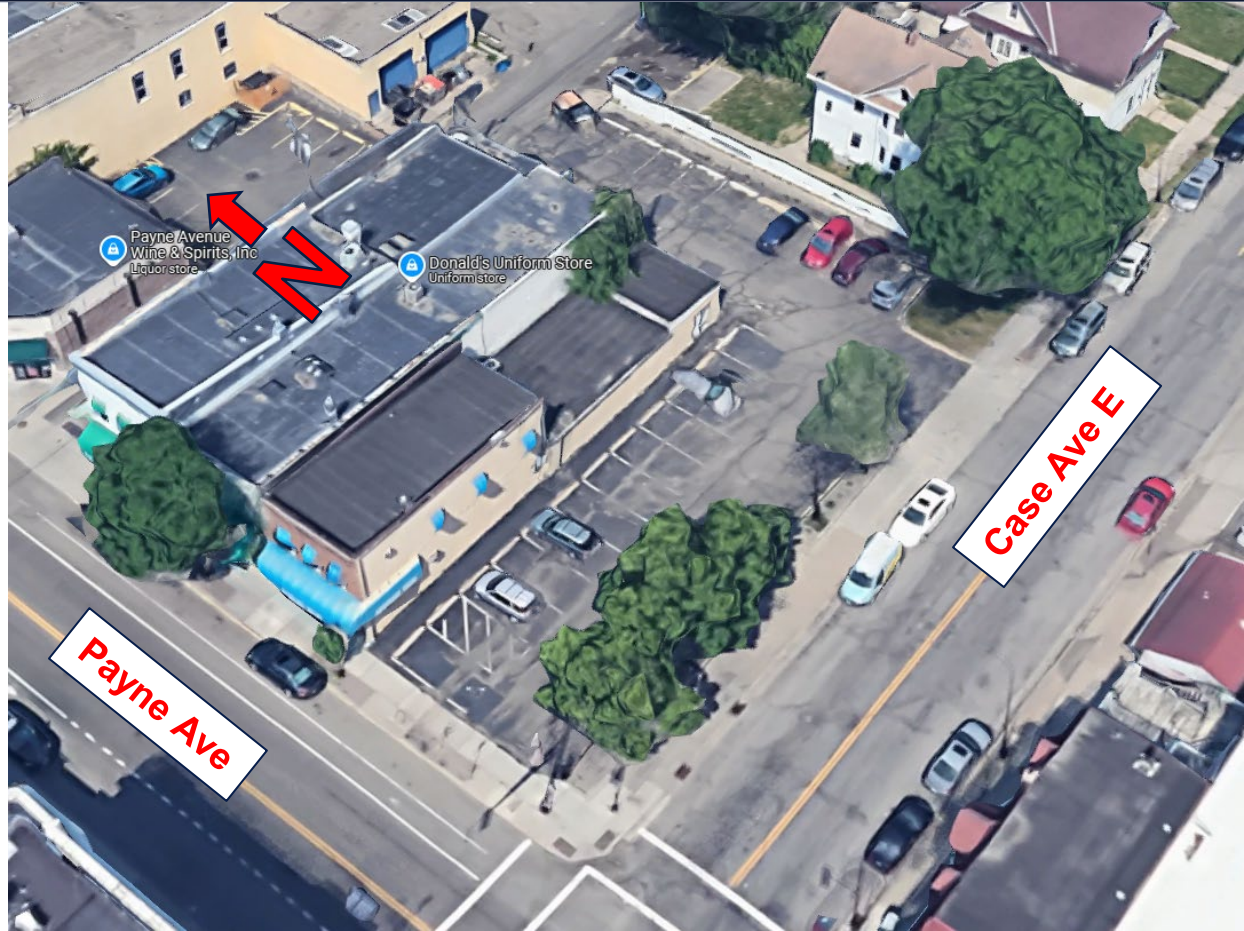
## HRA Participation

- HRA allocated \$500,000 of Civil Unrest Funding (approved 12/9/2021, RES 21-1775)
- LISC and HRA entered into a Master Participation Agreement (executed 10/2/2023)
  - Max of \$250,000 of HRA funds per project (not to exceed 50% of the total acquisition cost)
- LISC underwrites the Loans, the closing is subject to HRA approval



# 964 + 968 Payne Ave

- Ward 6, District 5
- Zoned B2







# 968 Payne Ave

- 4,439 SF commercial space





# 964 Payne Ave

- 10,242 SF parking lot







## 964 + 968 Payne Ave

- Acquisition is for both parcels
- Currently owned by Anderson Shoes, which operated for many years, but they are retiring
- Purchase agreement for \$400,000 extended until May 28, 2025, with Georgia Fort / BLCK Press





## Buyer/Developer

Buyer: 968 Payne LLC

- Georgia Fort / BLCK Press LLC
- Acquisition cost: \$400,000 (matches January 2025 appraisal value)
- Soft Costs: \$81,000

Proposed Tenants

- BLCK Press & Center for Broadcast Journalism – main floor
- Business suite TBD, Years 1&2 – second floor
- Broadcast studio, Year 3 – second floor



## Acquisition Sources and Uses

Sources				Uses		
Phase	Type	Amt.	Comments	Type	Amt.	Comments
Acquisition / Pre-development	LISC	\$ 275,000		Acquisition	\$ 400,000	
	City	\$ 150,000		Phase 1 & Phase 2 Financial Consulting	\$10,000	
	Borrower Equity	\$ 56,000		Legal	\$15,000	
				Architect	\$10,000	
				Appraisal	\$2,500	
				Legal- Easement and Contract review	\$15,000	
				Environmental	\$2,000	
				Loan Origination	\$4,250	
				Interest Reserve	\$7,500	
				Operating Reserve	\$11,500	
Subtotal		\$ 481,000		Misc	\$3,250	
					\$ 481,000	





## Loan Terms

- Loan Amount: \$425,000
- Term: 6 years
- Rate to borrower: 1.706% (LISC rate: 2.636%, HRA rate: 0%)
- Amortization: 25 years
- 24 months interest only payments (12 months int. only from int. reserve, 12 months int. only from project cash flow)
- Monthly payment: \$1,750
- Balloon at end of term when project is refinanced, or any time property is sold



## **Loan Repayment**

- Staff have reviewed LISC's underwriting of the loan which shows the borrower with sufficient income to make debt payments during the 6-year term of the loan
- Upon maturity, the borrower will refinance the project and pay the balloon on the CAT Fund loan, at which point the HRA will be repaid its principal



## Loan Security

- Promissory Note and other documentation LISC deems necessary such as a loan agreement, mortgage, security documents and guarantees (BEETWEEN LISC AND THE BORROWER)
- The HRA's receipt of payments made by Borrower will be subordinate to:
  - first, to the costs and expenses incurred by LISC in the collection or enforcement of the Loan
  - second, to interest accrued and unpaid on LISC's Retained Interest in the Loan;
  - third, to unpaid principal on LISC's Retained Interest in the Loan; and
  - fourth, to unpaid principal on the HRA's Percentage Interest in the Loan.





## **Future Aspirations for the Site**

- Develop site further after the initial acquisition and rehab, including partnering with Indigenous Roots to activate the space, adding café space, and potentially developing mixed use where the parking lot sits.

## **Credit Committee Recommendation**

- Credit Committee reviewed the item on 4/29/2025 and recommends approval of loan participation contingent upon Ms. Fort and BLCK Press guaranteeing the loan



# Questions