

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

**REPORT TO THE COMMISSIONERS**

**DATE: DECEMBER 14, 2022**

**REGARDING: RESOLUTION GIVING PRELIMINARY APPROVAL TO THE PROPOSED ISSUANCE OF CONDUIT MULTIFAMILY HOUSING REVENUE BONDS FOR THE SIBLEY COURT APARTMENTS LOCATED AT 484 TEMPERANCE STREET AND SIBLEY PARK APARTMENTS LOCATED AT 211 7TH STREET EAST, UNDER MINNESOTA STATUTES, CHAPTER 462C; AND ADOPTING A HOUSING PROGRAM**

**DISTRICT 17, WARD 2**

**Requested Board Action**

A public hearing and preliminary approval for the HRA to issue up to \$40,000,000 in conduit multifamily housing revenue obligations for the benefit of Affordable Housing Preservation Corporation to assist in the financing of the acquisition and rehabilitation of two existing rental facilities known as Sibley Court and Sibley Park (the “Project”); and adopt a housing program related to the Project.

**Background**

Sibley Court (122 units) located at 484 Temperance, is a five-story building that opened in 2003 and Sibley Park (114 units) located at 211 - 7th Street East, is a five-story building that opened in 2002. The buildings were constructed through HRA action primarily utilizing Low Income Housing Tax Credits (LIHTC) and tax increment financing. The current affordability restrictions include 49 units covered by Project-Based Voucher HAP contracts and 54 units subsidized by Housing Choice Vouchers, with all units subject to tax increment financing covenants. The affordable restrictions are currently in place until 2031/2032 (for the LIHTC); additionally, there are 25 HOME units in the Sibley Park project and the affordability period ends next year on 5/30/2023.

Affordable Housing Preservation Corporation, a Florida non-profit corporation and 501(c)(3) organization ( the “Borrower” or “AHPC”), has submitted an application requesting that the HRA issue conduit multifamily housing revenue bonds (the “Bonds”), the proceeds of which will be

used to finance the acquisition and rehabilitation of the two rental housing buildings. AHPC has a purchase agreement to acquire the two properties and will complete over \$2 million in capital improvements including upgrading unit interiors, amenities and lighting and refreshing the exterior of each building. The closing is anticipated for the end of January and the improvements will be completed over time. AHPC has created two special purpose entities to act as co-borrowers (AHPC Sibley Court LLC and AHPC Sibley Park LLC), and each LLC will own their facility.

AHPC was established in early 2021 as a 501c3 organization to address a growing need in our country to prevent homelessness. AHPC has acquired more than 3,500 multi-family units across the Southeast serving a broad range of households. This would be their first acquisition in Minnesota.

Currently, all 236 units are income restricted as follows: 20% restricted to households at or below 50% AMI (48 units) as required by the TIF financing (2027 final year), 43% restricted to households at or below 60% AMI (101 units) as required by the LIHTC, and 37% restricted to households at or below 115% AMI as required by the TIF financing (2027 final year).

When AHPC acquires the Project, they will restrict all units to 80% AMI or below with 20% at or below 50% AMI as is required under their 501c3 organizing documents. Furthermore, when the current restrictions expire in 2032 for all the units, they will ensure 100% of the units are restricted to households with incomes at or below 75% AMI, with 20% restricted to 50% AMI. They will maintain the restrictions for a 30-year period (until January 2053); which is 15 years longer than the federal requirements.

The Project is in the B5 zoning district, and a map is **attached**. The demographic profile of District 17, the Saint Paul planning district in which the Project is located, is **attached**.

### **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 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.

**Future Action**

Final approval by the HRA Board and consent of the City Council for the HRA to issue the bonds is anticipated for meetings on January 11, 2023.

**Financing Structure**

The bonds will be unrated and sold through a limited offering by Piper Sandler (the “Underwriter”) in minimum bond denominations of \$100,000, consistent with PED’s conduit bond policy for unrated bonds. The HRA will require the initial purchasers to execute an Investor Letter confirming the purchaser is either a Qualified Institutional Buyer (“QIB”) or Accredited Investor (“AI”). The financing anticipates three series of bonds, with a senior/subordinate structure with estimated sizing shown below. All the bonds issued will mature on 1/1/2032. The total estimated cost of the Project is \$40,170,000 as shown below.

<b>Sources of Funds</b>	
Tax-Exempt Series 2023A-1	\$28,000,000
Taxable Series 2023B	\$2,695,000
Tax-Exempt Series 2023A-2 - Subordinate	\$6,875,000
Assumed Debt	\$2,600,000
<b>Total Sources</b>	<b>\$40,170,000</b>
<b>Uses of Funds</b>	
Acquisition	\$33,680,032
Deposit to Capital Fund	\$2,537,000
Soft Costs	\$1,117,468
Reserve Fund	\$525,000
Capitalized Interest Fund	\$500,000
Debt Service Reserve Fund	\$772,281
Costs of Issuance	\$1,038,219
<b>Total Uses</b>	<b>\$40,170,000</b>

### **PED Credit Committee Review**

The PED Credit Committee reviewed the proposal for conduit bonds on December 6, 2022 and found it to be consistent with the HRA/PED's conduit bond policy.

### **Compliance**

The Borrower has acknowledged receiving City/HRA compliance documents specifying that the following compliance requirements are applicable to this project:

- Vendor Outreach Program, Chapter 84.01.
- Affirmative Action, Chapter 183.04 applies to both the contractor and the Borrower.
- Little Davis-Bacon Labor Standards applies to the construction work.

### **Green/Sustainable Development**

N/A

### **Environmental Impact Disclosure**

N/A

### **Historic Preservation**

N/A

### **Public Purpose/Comprehensive Plan Conformance**

The Project will preserve 236 rental housing units for 30 years (20 years beyond current requirements) restricted to households earning up to 80% of the Area Median Income (AMI). The Project meets the following goal and policy from the 2040 Comprehensive Plan:

- **Goal 6:** Improved access to affordable housing;
- **Policy H-39:** Promote preservation of existing income-restricted affordable housing units to ensure continued affordability of those units.

### **Statement of Chairman (for Public Hearing)**

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. Notice of time, place, and purpose of this hearing was published in the Saint Paul

Pioneer Press on November 28, 2022. The Notice of Public Hearing will be made a part of these proceedings.

Is there anyone who wishes to be heard on this item? If not, the Chair will declare this Public Hearing adjourned.”

**Recommendation:**

The HRA Executive Director recommends approval of the resolution providing preliminary approval to the issuance of up to \$40,000,000 in conduit multifamily housing revenue bonds for the benefit of the Affordable Housing Preservation Corporation and adopting the Housing Program for the Sibley Court and Sibley Park rental housing Project.

**Sponsored by: Commissioner Noecker**

**Staff:** Jenny Wolfe, 266-6680

**Attachments:**

- **Map**
- **D17 Downtown Neighborhood Profile**