

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

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 28, 2012

REGARDING: RESERVATION OF AN ADDITIONAL \$22,651 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 an additional \$22,651 of the 2013 Low Income Housing Tax Credits (“Credits”) totaling \$1,019,320 for Rolling Hills Apartments located at 1325 Westminster Street in recognition of the revised Internal Revenue Service (“IRS”) allocation of 2013 Credits.

Background

The Federal Tax Reform Act of 1986 created the Low Income Housing Tax 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* and the *2013 Qualified Allocation Plan* (“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*. Additionally, the Finance Board authorized the HRA Board to administer the 2013 Credit Program and reserve 2013 Credits to qualified Saint Paul developments. On October 10, 2012, by Resolution 12-1919, the HRA Board approved the reservation of \$996,669 of 2013 Credits for the Rolling Hills project.

On October 30, 2012, Minnesota Housing Finance Agency (“MHFA”) notified HRA that its 2013 Credit allocation was increased by \$22,651 because the IRS increased the per capita amount from \$2.20 to \$2.25, which calculates the 2013 Credit Allocation for the State of Minnesota.

Consequently, the HRA can authorize the reservation of an additional \$22, 651 of 2013 Credits.

To receive the 2013 Credits, HRA staff has determined that Rolling Hills Apartment is an eligible project that is financially feasible and viable as qualified low-income projects for the Credit period. HRA staff recommends that the additional \$22,651 of 2013 Credits be reserved for Rolling Hills Apartments.

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

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 approximately \$1 million dollars for the project. Pending approval of all funding, project construction would occur during 2013.

Financing Structure

Rolling Hills Apartments		
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 Credit Reservations 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 the 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 an additional \$22,651 in 2013 Low Income Housing Tax Credits, for a grand total of \$1,019,320 for the Rolling Hills Apartments.

Sponsored by: Commissioner Dave Thune

Staff: Joe Collins, 266-6020

Attachments

- **Attachment A** **Resolution**
- **Attachment B** **Map and Project Address**
- **Attachment C** **Public Purpose Form**
- **Attachment D** **Census Facts**