

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

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 10, 2014

**REGARDING: RESERVATION OF 2015 LOW INCOME HOUSING TAX CREDITS FOR
JAMESTOWN HOMES, DISTRICT 8**

Requested Board Action

Approval of the attached resolution (Attachment A) to reserve 100% of the 2015 Low Income Housing Tax Credits (\$1,056,694) for the Jamestown Apartments located at 586 Central Avenue West.

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 7, 2014, by Resolution 14-811, the HRA Board approved amendments to Minneapolis/Saint Paul Housing Finance Board’s (“Finance Board”) *2015 Low Income Housing Tax Credit Procedural Manual* (“2015 Procedural Manual”) and the *2015 Qualified Allocation Plan* (“2015 QAP”) to reflect the HRA Board’s housing selection priorities for the 2015 Credit reservation. On May 14, 2014, the Finance Board approved the *2015 Procedural Manual* and the *2015 QAP*. The Finance Board also authorized the HRA Board to administer the 2015 Credit Program and reserve up to \$1,056,694 of 2015 Credits to qualified Saint Paul developments.

To receive 2015 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the Credit period. (See: **Attachment B** *2015 QAP*, Article VIII, Procedure for Selecting Projects - Project Threshold Requirements.) Once the proposals are qualified, the proposals are scored based upon the selection and preference priorities established as the *2015 QAP* scoring criteria.

The HRA received five (5) applications by the July 11, 2014 deadline as follows:

Project Name/Address: **JAMESTOWN HOMES**
586 Central Avenue West
Developer: Twin Cities Housing Development Corporation (“TCHDC”)
Owner: Jamestown Homes LLLP
Project Type: Preservation of 73 affordable housing units
Total Units: 73 units (100% Section 8) (with 4 supportive housing units)
10 one-bedroom at 60% AMI, 53 two-bedrooms at 60% AMI;
4 two-bedrooms at 30% AMI; 6 three-bedrooms at 60% AMI
Zoning District: RM2 Medium-Density Low-Rise Multiple Family Residential District
Relocation: Temporary relocation assistance – Uniform Relocation Act.
Eminent Domain: None
Project Cost: \$16,280,332
HRA Financing Approved: \$1,000,000
Housing Tax Credit requested: \$1,150,000

Project Name/Address: **PRIOR CROSSING**
1949 University Avenue West
Developer: Beacon Interfaith Housing Collaborative
Owner: Prior Crossing Housing Limited Partnership
Project Type: New construction - 44 affordable supportive housing units for homeless youth and homeless young adults
Total Units: 44 units at 30% AMI (potential 32 Project-Based Sect. 8 units)
Zoning District: T4 Traditional Neighborhood
Relocation: Relocation-existing business – Uniform Relocation Act
Eminent Domain: None
Project Cost: \$9,996,108
HRA Financing Approved: \$750,000
Housing Tax Credit requested: \$790,407

Project Name/Address: **WILDER SQUARE**
750 North Milton
Developer: Real Estate Equities
Owner: Wilder Square Limited Partnership
Project Type: Preservation – 136 affordable housing units
Total Units: 136 units (74 units renting at 50% AMI; 51 units at 60% AMI;
8 two bedrooms at 50% AMI; and 3 two-bedrooms at 60% AMI)
Zoning District: RM3 High-Rise Multiple Family Residential District
Relocation: Temporary relocation assistance – Uniform Relocation Act.
Eminent Domain: None
Project Cost: \$14,271,775
HRA Financing: \$0
Housing Tax Credit requested: \$938,825

Project Name/Address: **72 CESAR CHAVEZ**
Developer: Neighborhood Development Alliance, Inc. (“NeDA”)
Owner: 72 Cesar Chavez LLLP
Project Type: New construction - 40 housing units
Total Units 40 units (9 one-bedrooms at 60% AMI; 18 two-bedrooms at 60% AMI; 10 three-bedrooms at 60% AMI; and 3 efficiencies at market-rate rents)
Zoning District: T2 Traditional Neighborhood District
Relocation: Not Applicable
Eminent Domain: None
Project Cost: \$11,514,112
HRA Financing Approved: Saint Paul HRA Land Loan of \$400,000
Housing Tax Credit requested: \$920,773

Project Name/Address: **CENTRAL EXCHANGE**
771 University Avenue West
Developer: Model Cities of Saint Paul, Inc.
Owner: Model Cities Central Exchange LP
Project Type: New construction - 25 affordable housing units
Total Units 25 units (including 4 supportive housing units)
(9 two-bedrooms renting at 50% AMI; 9 two-bedroom at 60% AMI; 4 three-bedrooms at 50% AMI; 3 three-bedrooms at 60% AMI)
Zoning District: T2 Traditional Neighborhood District
Relocation: Not applicable
Eminent Domain: None
Project Cost: \$10,557,661
HRA Financing Approved: \$1,281,018 funded with Met Council LCDA – \$1,056,100; Met Council TBRA-TOD-\$110,550; DEED - \$65,000; and Brownfield Assessment - \$49,368.
Housing Tax Credit requested: \$880,669

Pursuant to the 2015 QAP selection and preference priorities, the applications scored as follows:

Jamestown	49 points
Prior Crossing	46 points
Wilder Square	44 points
72 Cesar Chavez	39 points
Central Exchange	28 points

(See: **Attachment C** for the scoring for each proposal.)

In accordance with Article VIII (K) of the 2015 Credit QAP, Jamestown Apartments is being recommended to receive the 2015 Credits as the project awarded 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

To renovate the Jamestown Homes, future HRA Board actions will include approval and authorization to execute the Development Agreement with final terms and conditions for all financing required for the Jamestown Homes Project.

Financing Structure

Jamestown Apartments		
Funding Source	Amount	Action
MN Housing 1 st Mortgage	\$2,149,000	
General Partner Cash	\$ 715,000	Committed
Tax Credit Syndication Proceeds	\$10,579,770	
MN Housing Deferred Loan Request	\$1,736,562	
St. Paul HRA	\$1,000,000	Committed
Sales Tax Rebate	\$100,000	
Total Financing	\$16,280,332	

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 loan risk rating is involved.

Compliance

Not applicable. Approval of Credit Reservations does not activate the compliance requirements. However, the developer/project owner of Jamestown Homes must comply with requirements of Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon as a condition of receiving HRA financing.

Green/Sustainable Development

Jamestown Homes 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

Jamestown Homes will:

- Preserve 73 housing units with existing Project-based Section 8 Assistance, including creating four supportive housing units; and
- Assist 73 households at or below 60% of area median income; and
- Rehabilitate the entire housing complex to comply with the requirements of the HUD Housing Assistance Payment; and
- Preserve existing transit-friendly affordable housing; and
- Preserve affordable housing that is consistent with the goals, strategies, and planned actions of the Summit/University Comprehensive Plan 2007.

Recommendation:

The Executive Director recommends, per the attached resolution, that the HRA Board approve the reservation of \$1,056,694 of the 2015 Low Income Housing Tax Credits for the Jamestown Homes.

Sponsored by: Commissioner Brendmoen

Staff: Joe Collins, 266-6020

Attachments

- **Attachment A** **Resolution**
- **Attachment B** **Minimum Qualifications for 2015 Credit applicants.**
- **Attachment C** **2015 Credit Scoring Worksheets**
- **Attachment D** **Maps and Project Addresses**
- **Attachment E** **Public Purpose Form**
- **Attachment F** **Census Facts**