

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

REPORT TO THE COMMISSIONERS

DATE: September 23, 2015

REGARDING: RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A PURCHASE AGREEMENT AND RELATED DOCUMENTS FOR THE SALE OF THE LOFTS AT FARMERS MARKET, DISTRICT 17, WARD 2

Requested Board Action

The purpose of this report is to request the Housing and Redevelopment Authority (HRA) Board of Commissioners to approve the following:

1. Approve the Proposal for sale and conveyance of the Lofts at Farmers Market located at 260 East 5th Street (the “Property”) and authorize the Executive Director to execute the Purchase Agreement; and
2. Authorize the redemption of the Taxable Limited Tax Bonds, Series 2010A Build America Bonds (BABs) and Taxable Bonds, Series 2010B (The Lofts at Farmers Market Project) and approve related documents; and
3. Approve an amendment to the HRA Budget to redeem the bonds.

Background

The Lofts at Farmers Market is a 57 unit market-rate rental housing development with 2,465 square feet of commercial space on the first floor owned by the HRA. Completed in February 2012, the Property was developed by the HRA as the best and most financially viable option to move forward the development of an abandoned construction site. In March 2008, the site, located at the southwest corner of East 5th Street and Wall Street was left vacant and partially excavated as the result of the stoppage of construction on a condominium project caused in part by the downturn in the ownership housing market.

To help finance the development of the site, the HRA issued Build America Bonds (BABs) through the American Recovery and Reinvestment Act of 2009 (ARRA). The purpose of ARRA was to create jobs and complete stalled projects due to problems in the private financing markets. The caveat of BABs is that the facility to be financed must be owned by a government entity, such as the Housing and Redevelopment Authority (HRA).

The BAB's are subject to extraordinary redemption at the direction of the HRA on any date after the occurrence of a "Determination of Ineligibility." Staff secured a legal opinion that determined that the reductions to our credit payments instituted and continuing since 2013, under the Budget Control Act of 2011, meets the qualification for extraordinary redemption of the BAB's and allows for the sale of the Property. On July 22, 2015, the HRA Board approved an Exclusive Sales and Listing Agreement with CBRE to market and to receive the highest and best offers for the purchase of the Property.

Final offers were due on September 4, 2015. It was determined that the highest and best offer was submitted by Weidner Investment Services (the "Buyer") in the amount of \$13,200,000 or \$231,579 per unit. The Buyer is a related entity to Weidner Apartment Homes, a national rental housing company that owns, operates, and manages a large portfolio of rental housing units across the United States and Canada.

Budget Action

Repayment of bond debt will be budgeted as detailed in the attached budget amendment.

Future Action

None. Closing on the sale of the Property is expected to occur within 60 days of full execution of the Purchase Agreement.

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The public benefit is to preserve a variety of housing options in downtown Saint Paul for a diversity of incomes. Surrounded by several affordable rental housing developments such as the Crane Ordway, American House, The Northern Warehouse and The Tilsner, The Lofts at Farmers Market will continue to provide a rental option for middle and upper income households. Also, currently tax exempt, when the Property is sold it will be returned to the tax rolls.

Statement of Chairman

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of conveyance of a certain Parcel of land located in the Downtown Planning District by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA).

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, September 12, 2015. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings.

The HRA proposes to convey the following property in the Downtown Planning District:

Property Description	Purchaser/Developer	Purchase Price
Lots 1, 2, and 3, Block 14	Weidner Investment Services	\$13,200,000
Whitney and Smith’s Addition		

The property will be conveyed for the preservation and private ownership of a market-rate rental housing development.

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

Recommendation:

The Executive Director recommends and requests the HRA Board of Commissioners consider approval of the attached resolution approving and authorizing the following:

- 1.) Approve the Proposal for sale to Weidner Investment Services for the sale of the Lofts at Farmers Market located at 260 East 5th Street and authorize the Executive Director to execute the Purchase Agreement and to negotiate and finalize all other documents and agreements necessary to effectuate the conveyance of the Property ; and
- 2.) Authorize the redemption of the Taxable Limited Tax Bonds, Series 2010A Build America Bonds (BABS) and Taxable Limited Tax Bonds, Series 2010B (The Lofts at Farmers Market Project) and related documents; and
- 3.) Amend the 2015 HRA Budget.

Sponsored by: Commissioner Thune

Staff: Diane Nordquist, 651-266-6640

Attachments

- **Attachment B – Map**
- **Attachment C – Financial Analysis**