

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

REPORT TO THE COMMISSIONERS

DATE: FEBRUARY 8, 2012

**REGARDING: APPROVING AND AUTHORIZING A \$40,000 CDBG LOAN TO
NEIGHBORHOOD DEVELOPMENT ALLIANCE FOR REDEVELOPMENT OF
481 WABASHA STREET, DISTRICT 3**

Requested Board Action

The specific actions being requested of the HRA Board are as follows:

Approval of a loan agreement with the Neighborhood Development Alliance (NeDA) for the rehabilitation of Wabasha Center, 481 Wabasha Street.

Background

Neighborhood Development Alliance (NeDA) owns 481 Wabasha Street S. (Wabasha Center). NeDA is a well-established community development corporation focusing on affordable and mixed-income housing on the West Side and throughout the metropolitan area.

NeDA is looking to refinance existing debt to lower their interest payments and address deferred maintenance on the building. NeDA is requesting a \$40,000 loan from the HRA to make improvements to the second floor to accommodate a new child care center tenant. The estimated value of the land and building, according to Ramsey County tax records, is \$739,300.

The proposed improvements for the new, Somali-owned day care center includes new paint, carpeting and repairs required due to water damage, as well as possibly a new roof and signage costing approximately \$90,000. The day care center would create seven to ten new jobs. A five-year lease has been signed with the day care center staff with a start date of January 1, 2012.

The property is zoned B1 and the current land use is office and day care. The land use and zoning will remain the same. No existing businesses will be displaced or relocated.

Budget Action

The CDBG budget will be amended by \$40,000.

Future Action

N/A

Financing Structure

The project will be funded by Drake Bank, who is providing a \$50,000 loan at 5% for 10 years; and by a HRA loan of \$40,000 loan at 3% for 10 years.

PED Credit Committee Review

At the December 12, 2011 Credit Committee meeting, the Committee voted to recommend approval of a \$40,000 loan at 3% for 10 years with a Risk Rating of Substandard.

Compliance

Vendor Outreach, Section 3 and Davis Bacon will apply to this project. The developer/applicant has received the *Developer/Applicant Compliance Acknowledgement Letter*. The developer is using local contractors for the work.

Green/Sustainable Development

The project will comply with the Saint Paul/HRA Sustainability Initiative.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The primary and secondary public purpose is to support a new business and to support a minority-owned business.

Recommendation:

HRA Executive Director recommends approval of the attached Resolution.

Sponsored by: Commissioner Dave Thune

Staff: Kate Reilly 266-6618

Attachments

- **Attachment A -- Resolution**
- **Attachment B-- Map/Address of Project**
- **Attachment C -- Project Summary Form**
- **Attachment D -- Sources and Uses Summary Form**
- **Attachment E-- Public Purpose Form**
- **Attachment F -- Census Facts**