

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

REPORT TO THE COMMISSIONERS

DATE: March 23, 2016

REGARDING: RESOLUTION APPROVING AND AUTHORIZING A LOAN OF \$110,000 TO NEIGHBORHOOD DEVELOPMENT ALLIANCE, INC. FOR NEW CONSTRUCTION OF AN OWNER-OCCUPIED SINGLE FAMILY HOME LOCATED AT 403 CURTICE STREET EAST, WEST SIDE COMMUNITY ORGANIZATION, DISTRICT 3, WARD 2.

Requested Board Action

Staff is requesting the Housing and Redevelopment Authority (HRA) authorize approval of the terms of gap financing in the amount of \$110,000 in HUD Program Income funds to Neighborhood Development Alliance, Inc. (NeDA) to assist in the financing of the new construction of a single family home located at 403 Curtice Street East.

Background

The HRA has received a request from NeDA for financial assistance to construct a single family home at 403 Curtice Street East. NeDA is a non-profit Community Development Corporation with a mission that includes building affordable housing. Over the past 25 years, NeDA has developed new construction affordable rental and ownership housing, rehabbed single family homes for ownership, and provided rehab services to homeowners. NeDA has facilitated the new construction or rehabilitation of 175 homes in the West Side neighborhood.

The proposed project is located at 403 Curtice Street East. The property is currently zoned R4, single family residential district. The proposed development is permitted in this district. The West Side Neighborhood Organization District Council is supportive of the project.

NeDA proposes to construct a three bedroom, two bath, 1,400 square foot single family home with basement expansion space for two more bedrooms and a full bath. The house will meet Energy Star Version 3.1 standards. The estimated construction cost is \$179 per square foot, which is consistent with single family construction costs associated with the Inspiring

Communities Program (aka the Disposition Strategy, Work Plan, and Budget approved by Resolution 13-1097). The house will be marketed to buyers at or below 80% AMI.

Budget Action

The Budget action to amend the budget is noted in **Attachment A**.

Future Action N/A

Financing Structure

Sources		Uses	
Construction Financing - Secured	\$150,000.00	Construction & Contingency	\$264,145.35
Developer Equity	\$32,020.35	Land & Site Improvements	\$10,000.00
MHFA Gap - Secured	\$32,500.00	Financing	\$3,125.00
HRA Gap Subsidy	\$110,000.00	Soft Costs	\$47,250.00
Total	\$324,520.35	Total	\$324,520.35
Sale Price	\$180,000.00		
Value Gap	\$144,520.35		
MHFA Gap - Secured	\$32,500.00		
HRA Gap Subsidy	\$110,000.00		
NeDA Contribution	\$2,020.35		

NeDA has secured construction financing and additional gap subsidy from MHFA.

Credit Committee

The Credit Committee reviewed the Project on March 14, 2016 and approved the \$110,000 loan terms as follows: 0% interest, 18-month term, with a risk rating of forgivable utilizing HUD Program Income funds.

Compliance

The Project will meet all applicable compliance requirements, including Vendor Outreach, Section 3, Affirmative Action/Equal Employment Opportunity, Limited English Proficiency, Fair Housing Opportunities, and Two-Bid Policy.

Green/Sustainable Development:

The Saint Paul Sustainable Building Policy does not apply to this project; however, the applicant is committed to meeting Energy STAR Version 3.1 Standards.

Environmental Impact Disclosure NA**Historic Preservation**

The parcel is vacant and is not located in a Heritage Preservation District.

Public Purpose/Comprehensive Plan Conformance

Providing affordable housing for homeownership is the primary public purpose of this Project.

Saint Paul Comprehensive Plan*Housing*

Strategy 2: Preserve and Promote Established Neighborhoods.

Policy 2.1: Maintain the vitality and high quality of life in existing stable neighborhoods by engaging in a variety of actions.

Strategy 3: Ensure the Availability of Affordable Housing Across the City.

Policy 3.2: Support new housing opportunities for low-income households throughout the city.

Recommendation:

The Executive Director recommends approval of up to \$110,000 in gap financing to NeDA pursuant to the terms and conditions of the attached resolution.

Sponsored by: Commissioner Rebecca Noecker

Staff: Ashley Foell, 266-6553

Attachments

- **Attachment A – Budget Amendment**
- **Attachment B -- Map**

- **Attachment C -- Public Purpose**
- **Attachment D – District 3 Profile**