

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 13, 2023

**REGARDING: AMENDMENT TO RESOLUTION 23-1549 TO INCREASE THE
RESERVATION OF YEAR 2024 LOW INCOME HOUSING TAX CREDITS
FOR THE EAST 7TH DEVELOPMENT AT 892 EAST 7TH STREET, WARD 6,
DISTRICT 4.**

Requested Board Action

Approval of the accompanying resolution to increase the reservation of the 2024 Low-Income Housing Tax Credits ("2024 HTC") for the East 7th development.

Background

The Federal Tax Reform Act of 1986 created the Low-Income Housing Tax Credit Program (the "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 ("Credits").

On October 11, 2023, by Resolution 23-1549, the Board of Commissioners of the Housing and Redevelopment Authority of Saint Paul ("HRA Board") approved the reservation of the 2024 Low-Income Housing Tax Credits ("2024 HTC") for the East 7th development located at 892 West 7th Street, owned and operated by Project for Pride in Living, Inc., a Minnesota non-profit corporation, or one of its affiliated entities ("East 7th"). The projected HRA Board's sub-allocation of Credits for 2024 approved by the HRA Board was in the amount \$891,451.00. The Internal Revenue Services (IRS) has notified Minnesota Housing Finance Agency, the state allocator of the increase of the per capita multiplier from 2.75 to 2.9. The projected HRA Board's sub-allocation of Credits for 2024 is therefore now estimated to be \$940,076.00; an increase of \$48,625.00.

As a reminder, the East 7th project as proposed by PPL is a new development that will consist of the residential portion of one building and approximately 40,000 SF of commercial space, in the East Side neighborhood of Saint Paul. The residential position will have 60 units varying from 1 to 5 bedrooms in sizes of housing to be affordable at 60% AMI or below, with 16 units restricted

to households with income at 30% AMI or below. On the currently vacant lot will be constructed a three-story building with commercial on the first floor and residential units on the second and third floors. The project will have a strong focus on providing affordable housing to multi-generational families in the community. The residents will have access to community spaces, such as resident lounge, property management offices, a play area for kids, as well as City Park adjoining the building. The project has a strong focus on providing health and housing connections and the commercial spaces plan to offer various services on site including a Health and Wellness clinic, Early Childhood Day Care center, and an Autism Center.

Budget Action

NA. Approval of the resolution to reserve Credits does not require budget action.

Future Action

If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions required for HRA financing and/or 2024 LIHTC.

PED Credit Committee Review

N/A. No loan risk rating is involved.

Compliance

Compliance requirements will be applicable to this project and will be determined once a final budget is in place.

Green/Sustainable Development

Projects awarded credits must comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

NA

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:**East 7th –**

The proposed development conforms to the 2040 Saint Paul Comprehensive Plan, which designates the site as Mixed Use, calling for a balance of jobs and housing within walking distance of each other such as promoted by this project. The Comp Plan also, in Policy H-7, calls for production of small and family-sized affordable housing options such as proposed. Additionally, the Near East Side Roadmap designates the site as a redevelopment opportunity for housing, mixed use, or small commercial-industrial.

Statement of Chairman (for Public Hearing)

N/A

Recommendation:

The Executive Director recommends that the HRA Board approves the attached resolution that amends Resolution 23-1549, to increase the reservation for the 2024 Low-Income Housing Tax Credits for the East 7th Development to \$940,076.00.

Sponsored by: Chair Chris Tolbert

Staff: Jules Atangana, 651-266-6660