

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 12, 2016

REGARDING: RESERVATION OF 2017 LOW INCOME HOUSING TAX CREDITS FOR  
SELBY MILTON VICTORIA, DISTRICT 8

## **Requested Board Action**

Approval of the attached resolution to reserve \$755,842 of the 2017 Low Income Housing Tax Credits for the Selby Milton Victoria housing development, District 8.

## **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 11, 2016, by Resolution 16-818, the HRA Board endorsed no changes to the Minneapolis/Saint Paul Housing Finance Board's (Finance Board) *2017 Low Income Housing Tax Credit Procedural Manual* (2017 Procedural Manual) and the *2017 Qualified Allocation Plan* (2017 QAP) to reflect the HRA Board's housing selection priorities for the 2017 Credit reservation. On May 18, 2016, the Finance Board approved the *2017 Procedural Manual* and the *2017 QAP*. The Finance Board also authorized the HRA Board to administer the 2017 Credit Program and reserve up to \$755,842 of 2017 Credits to qualified Saint Paul developments.

To receive 2017 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the Credit period. (See the attached **2017 QAP**, Article VIII (E), 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 *2017 QAP* scoring criteria.

**The HRA received five (5) applications by the June 30, 2016 deadline as follows:**

**Project Name/Address:** **DOROTHY DAY RESIDENCE/** 183 Old Sixth Street West  
**Developer:** Catholic Charities of the Archdiocese of St. Paul & Minneapolis  
**Owner:** Dorothy Day Residence Limited Partnership  
**Project Type:** New construction - 171 affordable housing units  
**Total Units** 171 units (92 single room occupancy “SRO” units renting at 30% AMI and 79 SRO units renting at 50% AMI)  
**Zoning District:** T3 Traditional Neighborhood District  
**Relocation:** None  
**Eminent Domain:** None  
**Project Cost:** \$41,664,076  
**City Financing:** \$582,305/DEED  
**Housing Tax Credit requested:** \$1,550,000

**Project Name/Address:** **SELBY MILTON VICTORIA/**838 Selby Avenue  
**Developer:** Community Housing Development Corp./Rondo Land Trust  
**Owner:** CHDC Rondo Limited Partnership  
**Project Type:** New construction - 34 affordable housing units  
**Total Units** 34 units (4 SRO renting to households at 50% AMI; 22 one-bedrooms renting to households at 30% AMI; 4 one-bedrooms renting to household at 60% AMI; and 4 two-bedrooms renting to households at 60% AMI)  
**Zoning District:** T1 Traditional Neighborhood District  
**Relocation:** None  
**Eminent Domain:** None  
**Project Cost:** \$10,103,526  
**City Financing:** \$300,000/HOME; \$500,000/CDBG; \$450,000 of net land sales proceeds; \$200,000/STAR; and/LCDA - \$597,000  
**Housing Tax Credit requested:** \$956,717

**Project Name/Address:** **COMO BY THE LAKE/**901 Como Avenue East  
**Developer:** Aeon  
**Owner:** Como Preservation LP  
**Project Type:** Preservation of 99 housing units  
**Total Units:** 99 units (71 one-bedroom renting to households at 50% AMI, one-bedroom at market rate; 8 two-bedrooms renting to households at 50% AMI; 10 two-bedrooms at 60% AMI; and 6 two-bedrooms renting at market rate)  
**Zoning District:** RM2 medium-density low-rise multiple family residential  
**Relocation:** Temporary relocation assistance, as needed  
**Eminent Domain:** None  
**Project Cost:** \$14,553,542  
**HRA Financing to be Requested** \$2,091,350  
**Housing Tax Credit Requested** \$486,497

**Project Name/Address:** CENTRAL EXCHANGE/767-885 University Avenue  
**Developer:** St. Michael Development Group LLC/Model Cities of St. Paul  
**Owner:** 767-785 University Avenue  
**Project Type:** New construction - 60 affordable housing units  
**Total Units:** 60 units (44 one-bedrooms renting to households at 50% AMI; 4 one bedrooms at 60% AMI; 19 two-bedrooms renting to households at 60% AMI;)  
**Zoning District:** T2 Traditional Neighborhood District  
**Relocation:** Not Applicable  
**Eminent Domain:** None  
**Project Cost:** \$15,360,088  
**HRA Financing Approved:** \$1,013,856/LCDA; 106,128/Met. Council TBRA  
**Housing Tax Credit Requested** \$1,429,451

**Project Name/Address:** AIN DAH YUNG/ 652 Sherburne  
**Developer:** Ain Dah Yung Center/Project for Pride In Living  
**Owner:** ADYC Supportive Housing Limited Partnership  
**Project Type:** New construction of 42 affordable housing units  
**Total Units:** 42 units including 4 supportive housing units  
 42 single room occupancy renting to households at 30% AMI  
**Zoning District:** T-3 Traditional Neighborhood District  
**Relocation:** Relocation Assistance to comply with federal Uniform Relocation Act  
**Eminent Domain:** None  
**Project Cost:** \$10,821,499  
**HRA Financing to be Requested:** \$636,203  
**Housing Tax Credit Requested** \$1,021,562

HRA staff recognizes that the Dorothy Day Phase II Project is an \$80 million development involving a number of sources of financing for the six story building comprised of:

- Dorothy Day Residence, four floors of supportive housing
- Catholic Charities “Opportunity Center” - a “one stop” center for supportive services that empowers homeless residents to move towards self-sufficiency.

Catholic Charities has made significant progress with their capital campaign to raise \$40 million of private sector support. However, the Dorothy Day Phase II original financing plan which relied on State of Minnesota Housing Infrastructure Bonds (HIB) and GO Bonds, (which were included in the Governor’s 2016 budget proposal with support from the Legislature) did not move forward given the outcome of the 2016 Legislative session.

Consequently, the Dorothy Day Phase II Opportunity Center will still require State of Minnesota General Obligation Bond financing, and Catholic Charities may pursue State of Minnesota Housing Infrastructure

Bonds which may be a more appropriate financing source for the Dorothy Day Residence during the 2017 Legislative Session and, therefore, does not currently meet the threshold criteria for financial readiness and cannot move on to the ranking phase.

According to Article VIII (K) of the 2017 QAP, “projects will be prioritized with the project receiving the most points being rated first, the project receiving the second most points being rated second and so on. If two or more projects have overall point totals which are within 2 points of one another, the projects shall be deemed to be of substantially equivalent, and the HRA Board will select the project which best meets the applicable city’s housing priorities.

Pursuant to the 2017 QAP selection and preference priorities, the remainder of the applications scored as follows:

Selby Milton Victoria	44 points
Como by the Lake	41 points
Central Exchange	34 points
Ain Dah Yung	22 points

(See the attached **2016 Credit Scoring Worksheets** for the scoring of each proposal.)

HRA staff recommends that the HRA Board reserves \$755,842 of 2017 Credits to the Selby Milton Victoria project

**Financing Structure**

<b>Selby Milton Victoria</b>		
Funding Source	Amount	Action
9% Syndication Proceeds	\$9,183,526	Pending
City of Saint Paul	\$300,000	Committed
Sales Tax and Energy Rebate	\$112,050	Committed
Met. Council LCDA	\$429,100	Committed
Capital Region Watershed	\$78,850	Committed
Total	\$10,103,526	

**Budget Action**

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

**Future Action**

Selby Milton Victoria: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions for all required HRA financing and/or future 2018 LIHTC.

**PED Credit Committee Review**

NA. No loan risk rating is involved.

**Compliance**

NA. Approval of Credit Reservations does not activate the compliance requirements.

However, the developer/project owner of Selby Milton Victoria project must comply with requirements of Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon as a condition of receiving HRA financing.

**Green/Sustainable Development**

Selby Milton Victoria must comply with the *Saint Paul Sustainable Development Policy*.

**Environmental Impact Statement**

NA

**Historic Preservation**

NA

**Public Purpose**

Selby Milton Victoria:

Construct 34 new affordable housing units as follows:

- 26 units of affordable housing that serves senior citizen households at 30% AMI rent limits
- 8 units of affordable housing that serves senior citizen households at 60% AMI rent limits.

**Recommendation:**

The Executive Director recommends, per the attached resolution, that the HRA Board approve the

2017 Low Income Housing Tax Credit reservation of \$755,842 to Selby Milton Victoria.

2017 Low Income Housing Tax Credit Reservation

**Sponsored by: Commissioner Thao**

**Staff: Joe Collins, 266-6020**

**Attachments**

- **Attachment –2017 QAP**
- **Attachment – 2017 Credit Scoring Worksheets**
- **Attachment – Map**
- **Attachment – Public Purpose**
- **Attachment – District 8 Profile**