

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 8, 2021

**REGARDING: RESOLUTION APPROVING CIVIL UPRISING FUNDING
ALLOCATIONS, CITYWIDE**

Requested Board Action

1. Allocate \$500,000 of 2021 budgeted funds for 2020 civil uprising business assistance to support capital investments in businesses in the ~~Snelling University Rice Cultural district, East Side, and West Seventh commercial corridors~~ citywide.
2. Allocate \$500,000 of 2021 budgeted funds for 2020 civil uprising business assistance to support the LISC CAT Fund.
3. Authorization to execute a Master Participation Agreement with LISC for the CAT Fund investment.
4. Reduce the ENS public notice period for requests of \$250,000 or more of civil uprising business assistance from 45-days to 10-days.

Background

On May 25, 2020 George Floyd, a black man, was murdered by Derek Chauvin, a white Minneapolis police officer, while three other officers participated. This event sparked outrage & frustration and launched racial justice protests throughout the world. Many protests were peaceful, however there were incidents of property damage during a period of civil uprising following Mr. Floyd's death. Businesses throughout Saint Paul were impacted due to this civil uprising, many of them small, independent businesses. Some additional civil uprising damage was experienced by businesses in Saint Paul following the killing of Daunte Wright by Brooklyn Center police on April 11, 2021, and the challenges for businesses have also been compounded by the ongoing COVID-19 public health emergency.

In December of 2020, in response to this impact on businesses in Saint Paul and the community wealth they represent, the HRA Board of Commissioners approved \$1,000,000 for civil uprising

business assistance through the passage of the 2021 HRA budget, resolution RES 2-1681 (the “Civil Uprising Budget”).

Saint Paul Main Street Corridor Funding

In response to the challenges being faced by businesses across Minnesota since March 15, 2020, the Minnesota State Legislature approved, and Governor Tim Walz signed a bill on June 29, 2021 to establish the Minnesota Main Street Economic Revitalization Program to be administered by the Department of Employment and Economic Development (DEED). DEED issued a request for proposals in the summer of 2021, with applications due on August 31st, 2021. On October 14, 2021 DEED announced the first round of grants to community partners, including an award of \$8.9M to the Saint Paul and Minnesota Foundation (SPMF) for three districts within the City of Saint Paul.

The identified corridors in the application by the Saint Paul and Minnesota Foundation were the areas within ¼ mile of the following streets:

- **SNELLING-UNIVERSITY-RICE CULTURAL DISTRICT:**
 - Snelling Avenue: Portland Avenue to Englewood Avenue
 - University Avenue: Fairview Avenue to Rice Street
 - Rice Street: Prior Avenue to Larpenteur Avenue
- **EAST SIDE:**
 - East 7th Street: Olive Street to Arcade Street
 - Payne Avenue: East 7th Street to Maryland Avenue
 - Arcade Street: East 7th Street to Maryland Avenue
 - White Bear Avenue: Suburban Avenue to Larpenteur Avenue
 - I-94 (Suburban Ave/Old Hudson Rd.): White Bear Avenue to McKnight Road
- **WEST SEVENTH:**
 - West 7th Street: Kellogg Boulevard to 35E

These corridors represent some of the areas hardest hit by the civil uprising ~~and where the need for capital project funding is greatest~~. HRA staff recommends deploying \$500,000 of the Civil Uprising Budget to fund capital projects citywide for businesses impacted by the civil uprising ~~in~~

~~these same corridors~~. These funds could be deployed to businesses whether or not they receive funding from the SPMF-administered Main Street Program, and for businesses that do receive funding from the Main Street Program, our funds could be part of that program's required match.

Eligible capital expenses include:

- Repair or renovation of real property
- Building construction
- Landscaping and streetscaping
- Demolition and site preparation
- Predesign and design
- Engineering
- Infrastructure
- Related site amenities

Community Asset Transition Fund

HRA staff recommends allocating the remaining \$500,000 of the Civil Uprising Budget to support property acquisition through the establishment of a leveraged capital pool in partnership with the Local Initiatives Support Corporation (LISC) Community Asset Transition Fund (CAT Fund). The CAT Fund was established as a flexible, affordable pool of capital to enable the acquisition of commercial and residential properties in or near the cultural districts that were impacted by the civil uprising following the murder of George Floyd and the economic fallout of the COVID-19 public health emergency. A summary of the program is included as an attachment "CAT Fund Program Summary."

Proposed terms of the HRA's investment in the fund are as follows:

- Total HRA commitment: \$500,000
- Maximum investment per project: \$250,000
- Loan term: 5 years or less, any extension would require written approval by the HRA
- Loan rate: 0%
- Eligible uses: acquisition only
- Eligible interim hold borrower: a community-based nonprofit organization

Loans would be structured as participation loans, where the HRA investment at 0% interest would create a blended interest rate for the total loan that would be less than if the HRA had not participated in the deal. HRA's right to repayment on loaned funds is subordinated to LISC.

Budget Action

None.

Future Action

Projects in either program at or above \$50,000 in HRA investment will require HRA Board approval.

Financing Structure

Each project will have a unique funding structure and will be reviewed by the PED Credit Committee and HRA Executive Director. Projects at or above \$50,000 in HRA investment will require HRA Board approval.

PED Credit Committee Review

Requests for funding will be reviewed by the PED Credit Committee on a project-by-project basis.

Compliance

Individual projects funded through both programs will need to be reviewed for compliance requirements on a project-by-project basis.

Green/Sustainable Development

Individual projects funded through both programs may have to comply with the requirements of the City of Saint Paul Sustainability Building Policy or the PED/HRA Sustainability Initiative. Applicability will be reviewed on a project-by-project basis.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

The 2040 Adopted Comprehensive Plan, *Saint Paul for All* includes the following strategies that support this resolution:

- LU-6. Foster equitable and sustainable economic growth by:
 - 1. Facilitating business creation, attraction, retention and expansion;
 - 4. Proactively directing new development to high-priority geographies, such as Neighborhood Notes, ACP50 Areas and Opportunity Sites;
 - 5. Encouraging cultural and arts-based businesses and business districts, such as Little Mekong, Little Africa, Rondo and the Creative Enterprise Zone;
 - 6. Supporting business, real estate and financial models that keep more money locally, such as locally-owned business, local-prioritized employment, employee-owned businesses and commercial land trusts;
 - 9. Developing programs and funding sources for site acquisition and parcel assembly

Statement of Chairman (for Public Hearing)

N/A

Recommendation:

The Executive Director recommends approval of the attached resolution approving:

1. Allocation of \$500,000 of 2021 budgeted funds for 2020 civil uprising business assistance to support capital investments in businesses ~~in the Snelling University Rice Cultural district, East Side and West Seventh commercial corridors, as described in the accompanying staff report~~ citywide.
2. Allocation of \$500,000 of 2021 budgeted funds for 2020 civil uprising business assistance to support the LISC CAT Fund.
3. Authorization to execute a Master Participation Agreement with LISC for the CAT Fund investment.

4. Reduction of the ENS public notice period for requests of \$250,000 or more of financial assistance from these budgeted funds from 45-days to 10-days.
5. Authorization and direction for staff to take all actions necessary to carry out the activities authorized by this Resolution, and the Executive Director is hereby authorized and directed to execute all documents and instruments necessary to effectuate the activities to be undertaken by this Resolution.

Sponsored by: Chair Chris Tolbert

Staff: Andrew Hestness 266-6577

Attachments

- ~~Main Street Corridors Map~~
- CAT Fund Program Summary