

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 28, 2015

REGARDING: RESERVATION OF 2016 LOW INCOME HOUSING TAX CREDITS FOR
JAMESTOWN HOMES, DISTRICT 8, AND 72 CESAR CHAVEZ, DISTRICT 3.

Requested Board Action

Approval of the attached resolution to reserve \$160,000 of the 2016 Low Income Housing Tax Credits for the Jamestown Apartments, District 8, and to reserve \$903,867 of 2016 Housing Tax Credits to the 72 Cesar Chavez, District 3.

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 15, 2015, by Resolution 15-738, the HRA Board endorsed amendments to Minneapolis/Saint Paul Housing Finance Board’s (“Finance Board”) *2016 Low Income Housing Tax Credit Procedural Manual* (“2016 Procedural Manual”) and the *2016 Qualified Allocation Plan* (“2016 QAP”) to reflect the HRA Board’s housing selection priorities for the 2016 Credit reservation. On June 3, 2015, the Finance Board approved the *2016 Procedural Manual* and the *2016 QAP*. The Finance Board also authorized the HRA Board to administer the 2016 Credit Program and reserve up to \$1,063,867 of 2016 Credits to qualified Saint Paul developments.

To receive 2016 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the Credit period. (See: **Attachment B** 2016 QAP, Article VIII, 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 *2016 QAP* scoring criteria.

The HRA received four (4) applications by the July 10, 2015 deadline as follows:

Project Name/Address: JAMESTOWN HOMES/586 Central Avenue West
Developer: Twin Cities Housing Development Corporation (“TCHDC”)
Owner: Jamestown Homes LLLP
Project Type: Preservation of 73 affordable housing units
Total Units: 73 units (100% Section 8) (4 supportive housing units)
10 one-bedroom renting to households at 60% AMI, 53 two-bedrooms at 60% AMI; 4 two-bedrooms at 30% AMI; 6 three-bedrooms at 60% AMI)
Zoning District: RM2 medium-density low-rise multiple family residential
Relocation: Temporary relocation assistance, as needed
Eminent Domain: None
Project Cost: \$19,804,537
HRA Financing Approved: \$1,000,000
2015 Housing Tax Credit Approved \$1,150,000
2016 Housing Tax Credit Requested \$160,000
2016 Housing Tax Credit Recommended \$160,000

Project Name/Address: 72 CESAR CHAVEZ
Developer: Neighborhood Development Alliance, Inc. (“NeDA”)
Owner: 72 Cesar Chavez LLLP
Project Type: New construction - 40 housing units
Total Units 40 units (10 one-bedrooms renting to households at 60% AMI; 4 two-bedrooms at 50% AMI; 16 two-bedrooms at 60% AM; and 10 three-bedrooms at 60% AMI)
Zoning District: T2 Traditional Neighborhood District
Relocation: None
Eminent Domain: None
Project Cost: \$11,338,546
HRA Financing Approved: Saint Paul HRA Land Loan of \$329,800
2016 Housing Tax Credit Requested \$917,971
2016 Housing Tax Credit Recommended \$903,867

Project Name/Address: DOROTHY DAY PLACE/ 183 Old Sixth Street West
Developer: Catholic Charities of the Archdiocese of St. Paul & Minneapolis
Owner: Dorothy Day Place Housing Limited Partnership
Project Type: New construction - 166 affordable housing units
Total Units 166 units (149 single room occupancy “SRO” units renting 30% of 30% Metro Median and 17 SRO units at 50% AMI)
Zoning District: T3 Traditional Neighborhood District
Relocation: None
Eminent Domain: None
Project Cost: \$31,955,795
City Financing: \$0
Housing Tax Credit requested: \$2,260,875

Project Name/Address:	Selby Milton Victoria/838 Selby Avenue
Developer:	Community Housing Development Corporation
Owner:	CHDC Rondo GP LLC
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 50% 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:	\$9,278,801
City Financing:	\$524,387 requested/LCDA - \$405,493
Housing Tax Credit requested:	\$783,178

Pursuant to the 2016 QAP selection and preference priorities, the applications scored as follows

Jamestown	49 points
Dorothy Day	40 points
72 Cesar Chavez	39 points
Selby-Milton-Victoria	38 points

(See: **Attachment C** for the scoring for each proposal.)

According to Article VIII (K) of the 2016 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.”

Therefore, in accordance with Article VIII (K), HRA staff recommends that the HRA Board reserves 2016 Credits in the amount of \$160,000 to Jamestown Apartments as the project awarded the most selection priority points. Based upon the scoring, Dorothy Day, 72 Cesar Chavez, and Selby-Milton-Victoria are also deemed to be substantially equivalent. While the HRA staff supports these three affordable housing projects, the HRA Board can select the project which best meets the applicable city’s housing priorities.

In further review of financial project readiness, the HRA staff recommends that the remaining 2016 Credits in the amount of \$903,867 be reserved to 72 Cesar Chavez which could be completed in a timely manner with its immediate ability to secure all its financial commitments during 2016 or sooner. (See also:

Attachment B: QAP Article VIII (E), Procedures for Selecting Projects; Project Threshold Requirements – Minimum Qualifications). Moreover, the development of 72 Cesar Chavez may provide additional economic stimulus to the West Side Concord Avenue commercial area by redeveloping this formerly HRA-owned vacant land into affordable workforce housing.

Budget Action

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

Future Action

Jamestown Homes: Future HRA Board actions will include approval and authorization to execute the Development Agreement with final terms and conditions for all required HRA financing.

72 Cesar Chavez: Future HRA Board actions will include approval and authorization to execute the Development Agreement with final terms and conditions for all required HRA financing.

Financing Structure

Jamestown Apartments		
Funding Source	Amount	Action
MN Housing 1 st Mortgage	\$4,100,000	Committed
General Partner Cash	\$ 715,000	Committed
Tax Credit Syndication Proceeds	\$13,754,569	Committed upon final approval
St. Paul HRA	\$1,000,000	Committed
Sales Tax Rebate	\$100,000	Committed upon construction completion
Interim Income - Property Operations	\$134,968	Committed upon construction completion
	\$19,804,537	

72 Cesar Chavez		
Funding Source	Amount	Action
MN Housing 1 st Mortgage	\$1,439,000	
General Partner Cash	\$ 862	Committed
Tax Credit Syndication Proceeds	\$8,618,883	
St. Paul HRA Land Loan	\$ 329,800	Committed
Metro Council LCDA	\$ 550,000	Committed
Metro Council LHIA	\$ 400,000	Pending
	\$11,338,546	

PED Credit Committee Review

Not applicable. Approval of the resolution to reserve low-income housing tax credits does not necessitate a review by the PED Credit Committee since no loan risk rating is involved.

Compliance

Not applicable. Approval of Credit Reservations does not activate the compliance requirements. However, the developer/project owner of Jamestown Homes and 72 Cesar Chavez must comply with requirements of Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon as a condition of receiving HRA financing.

Green/Sustainable Development

Jamestown Homes and 72 Cesar Chavez must comply with the *Saint Paul Sustainable Development Policy*.

Environmental Impact Statement

Not applicable. Approval of Credit Reservation does not require an Environmental Impact Statement.

Historic Preservation

Not applicable.

Public Purpose

Jamestown Homes will:

- Preserve 73 housing units with existing Project-based Section 8 Assistance which can serve households at or below 60% of area median income, and
- Rehabilitate the housing complex to comply with the requirements of the HUD Housing Assistance Payment; and
- Preserve transit-friendly affordable housing that is consistent with the goals, strategies, and planned actions of the Summit/University Comprehensive Plan 2007; and
- Create four supportive housing units.

72 Cesar Chavez will:

- Construct 40 new affordable workforce housing which can serve households at or below 60% of area median income; and
- Construct new affordable workforce housing along a high-frequency transit corridor.

Recommendation:

The Executive Director recommends, per the attached resolution, that the HRA Board approve the 2016 Low Income Housing Tax Credit reservation in the amount of \$160,000 for the Jamestown Homes and the 2016 Low Income Housing Tax Credit reservation in the amount of \$903,867 to 72 Cesar Chavez.

Sponsored by: Commissioner Amy Brendmoen

Staff: Joe Collins, 266-6020

Attachments

- **Attachment B** **Minimum Qualifications for 2016 Credit Applicants**
- **Attachment C** **2016 Credit Scoring Worksheets**
- **Attachment D** **Maps and Project Addresses**
- **Attachment E** **Public Purpose**
- **Attachment F** **District Profiles**