

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

REPORT TO THE COMMISSIONERS

DATE: MAY 21, 2025

**REGARDING: AGREEING TO CONSENT AS MORTGAGEE AND SUBORDINATE THE
HRA'S MORTGAGES TO A MAINTENANCE AGREEMENT AND
DECLARATIONS FOR PARKING LOT IMPROVEMENTS AND
EASEMENTS AT SKYLINE TOWER LOCATED AT 1247 SAINT
ANTHONY AVENUE, WARD 1, DISTRICT 13.**

Requested Board Action

1. The HRA approves the consent of and subordination of its mortgage to the Maintenance Agreement; and
2. The HRA approves the consent of and subordination of its mortgage to the Declaration for Operations and Maintenance Obligations for Stormwater Facilities; and
3. The HRA approves the consent of and subordination of its mortgage to the Declaration of Easements; and
4. The HRA Executive Director, staff, and legal counsel for the HRA are further directed and authorized to take all actions necessary to implement this Resolution. The HRA's Executive Director is authorized to execute any documents and instruments in connection with this Resolution.

Background

Skyline Tower is a 24-story apartment building with 504 units with various efficiency, one-bedroom, and two-bedroom units. The property also includes staff offices, community gathering areas, and a parking lot. In 1999, CommonBond Communities, the owner of Skyline Tower of St. Paul Limited Partnership (Skyline Tower), acquired the property from Sentinel Management utilizing tax exempt bonds and 4% LIHTC. In 2015, the original HRA mortgage was satisfied and the HRA approved a \$750,000 loan with Community Development Block Grant (CDBG) funds to make improvements at the property.

Unit Affordability

448 units are Section 8 and the remaining 56 units are affordable to residents with incomes at or below 60% of area median income (AMI).

Financing

The CDBG loan is secured by a mortgage on the property in third lien position. This loan is deferred with a 36-year term and 1% interest, expected to mature in 2052. The first mortgage was originally with Oak Grove Commercial Mortgage, LLC but was assumed by Jones Lang Lasalle Multifamily, LLC (JLL) in 2016 upon JLL's acquisition of Oak Grove; the first mortgage is backed by the United States Department of Housing and Urban Development (HUD). The second lien position is held by the Minnesota Housing Finance Agency for a Housing Infrastructure Bond.

Stormwater Maintenance & Management Agreements

Currently, the developer is seeking to make improvements to the property's parking lot to improve safety conditions for residents. This will be the first full renovation of the asphalt since it was done in 1971. As part of these improvements, the city and the Capitol Region Watershed District (CRWD) are requiring various documents to outline the responsibilities for stormwater management and maintenance. The city is requiring a signed and recorded Maintenance Agreement, and the Capitol Region Watershed District is requiring a signed and recorded Declaration of Operations and Maintenance Obligations for Stormwater Facilities. Both documents require subordination of the existing MHFA and HRA loans, as noted on the signature pages, to ensure the requirements remain in force even in the event of early payoff or foreclosure on these mortgages. Both documents require consent from all mortgagees, including the first mortgage lender JLL/HUD. The fully executed and recorded documents are required for construction permits to be issued from the city and CRWD. These agreements are standard requirements for all construction projects needing similar permits from the issuing entities.

Declaration of Easements

The city is requiring a Declaration of Easements to establish reciprocal access and utility easements across the four tax parcels that the property spans to formalize the connections between pedestrian walkways, utilities, and fire lanes. The Declaration of Easements does not grant access to any properties not owned by Skyline Tower. This agreement requires subordination of the HRA

loan on page 17, as well as the MHFA loan. First mortgage lender JLL/HUD needs to consent to the agreement.

Budget Action

N/a

Future Action

N/a

Financing Structure

N/a

PED Credit Committee Review

N/a

Compliance

N/a

Green/Sustainable Development

N/a

Environmental Impact Disclosure

N/a

Historic Preservation

N/a

Public Purpose/Comprehensive Plan Conformance:

Skyline Tower's affordable housing units are reflective of the 2040 Comprehensive Plan's goals of maintaining decent, safe and healthy housing for all Saint Paul residents and stable rental housing.

Recommendation: Approve the consent of and subordination to a Maintenance Agreement and Declarations for parking lot improvements at Skyline Tower.

Sponsored by: Commissioner Anika Bowie

Staff: Danielle Sindelar, 651-266-6684

Attachments

- **Maintenance Agreement**
- **Declaration of Easements**
- **Declaration of Operations and Maintenance Obligations for Stormwater Facilities**