

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 09, 2013

REGARDING: RESERVATION OF 2014 LOW INCOME HOUSING TAX CREDITS FOR
HAMLINE STATION - FAMILY HOUSING, DISTRICT 11

Requested Board Action

Approval of the attached resolution (Attachment A) to reserve 100% of the 2014 Low Income Housing Tax Credits (\$1,025,857) for the Hamline Station - Family Housing Apartments located at 1319 University Avenue.

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 8, 2013, by Resolution 13-638, the HRA Board approved amendments to Minneapolis/Saint Paul Housing Finance Board’s (“Finance Board”) *2014 Low Income Housing Tax Credit Procedural Manual* (“2014 Procedural Manual”) and the *2014 Qualified Allocation Plan* (“2014 QAP”) to reflect the HRA Board’s housing selection priorities for the 2014 Credit reservation. On May 15, 2013, the Finance Board approved the *2014 Procedural Manual* and the *2014 QAP*. The Finance Board also authorized the HRA Board to administer the 2014 Credit Program and reserve up to \$1,025,857 of 2014 Credits to qualified Saint Paul developments.

To receive 2014 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the Credit period. (See: **Attachment B** *2014 QAP*, Article VIII, Minimum Credit Qualifications.) Once the proposals are qualified, the proposals are scored based upon the selection and preference priorities established as the *2014 QAP* scoring criteria.

The HRA received three (3) applications by the July 12, 2013 deadline as follows:

Project Name/Address: **HAMLIN STATION – FAMILY HOUSING**
1319 University Avenue West
Developer: Project for Pride in Living, Inc. (“PPL”)
Owner: Hamline Station Family Housing Limited Partnership
Project Type: New construction - 51 affordable housing units
Total Units 51 units (10 Project-Based Section 8 supportive housing units)
(5 one-bedrooms renting at 30% AMI; 7 one-bedroom at 50% AMI; 3 two bedrooms at 30% AMI; 8 two-bedrooms at 50% AMI; 15 two-bedrooms at 60% AMI; 2 three-bedrooms at 30% AMI; and 11 three-bedrooms at 60% AMI)
Zoning District: T3 Traditional Neighborhood District
Relocation: None
Eminent Domain: None
Project Cost: \$13,143,583
City Financing: HOME Funding of \$750,000/TIF \$562,472
Housing Tax Credit requested: \$1,101,039

Project Name/Address: **JAMESTOWN HOMES (aka MALCOLM SHABAZA APARTMENTS)**
586 & 600 Central Avenue West; 571 & 581 St. Anthony Ave
Developer: Twin Cities Housing Development Corporation (“TCHDC”)
Owner: TCHDC LLC (affiliate of TCHDC to be formed)
Project Type: Preservation of 73 affordable housing units
Total Units: 73 units (100% Section 8) (with 4 supportive housing units)
10 one-bedroom at 60% AMI, 57 two-bedrooms at 60% 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: \$13,920,001
City Financing: \$0
Housing Tax Credit requested: \$920,953

Project Name/Address: **PRIOR CROSSING**
1949 University Avenue West
Developer: Beacon Interfaith Housing Collaborative
Owner: Prior Crossing Housing Limited Partnership
Project Type: New construction - 44 affordable supportive housing units for
homeless youth/homeless young adults
Total Units: 44 units at 30% AMI (potential 18 Project-Based Sect. 8 units)
Zoning District: T4 Traditional Neighborhood
Relocation: On-site relocation-existing businesses-Uniform Relocation Act
Eminent Domain None
Project Cost: \$9,093,731
City Financing: HOME Funding-\$981,921/Affordable Housing Trust-\$118,079
Housing Tax Credit requested: \$708,969

Pursuant to the 2014 QAP selection and preference priorities, the applications scored as follows:

Hamline Station - Family Housing	215 points
Prior Crossing	142 points
Jamestown Homes	108 points

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

In accordance with Article VIII (K) of the 2014 Credit QAP, Hamline Station – Family Housing is being recommended to receive the 2014 Credits as that project received the most points.

Budget Action

Not Applicable. Approval of the resolution to reserve low-income housing tax credits does not require budget action.

Future Action

To construct the Hamline Station Project, which is comprised of two housing developments - Hamline Station Family Housing (51 housing units) and the Hamline Station Mixed Used (57 housing units), future HRA Board actions will include:

- approval of 2013 HOME funds in the amount \$200,000 for each project (totaling \$400,000) as Hamline Station Project gap financing; and
- approval and authorization to issue tax-exempt bonds, with automatic 4% low income housing credits for the Hamline Station – Mixed Use development; and
- approval and authorization to execute the Development Agreement with final terms and conditions for all financing required for the Hamline Station Project.

Pending approval of all funding for the Hamline Station Project, construction should begin in 2014.

Financing Structure

Hamline Station – Family Housing		
Funding Source	Amount	Action
Tax Credit Syndication Proceeds	\$9,689,143	
General Partner Cash	\$450,000	Committed
TIF	\$562,472	Committed
Met. Council LCA - TOD	\$955,000	Committed
Met. Council TBRA-TOD	\$250,306	Committed
LCDA	\$375,000	Committed
CoO LIC	\$100,000	Committed
MHFA	\$70,000	MHFA is reviewing application in conjunction with funding request for Hamline Station Mixed Use Housing Development
City of Saint Paul HOME 2012	\$550,000	Committed
City of Saint Paul HOME 2013	\$200,000	Committed
GP Equity/Deferred Fee	\$11,662	Committed
	\$13,213,583	

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 Hamline Station – Family Housing Apartments must comply with requirements of Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon as a condition of receiving HRA financing.

Green/Sustainable Development

Hamline Station – Family Housing Apartments 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

Hamline Station – Family Housing will:

- create 51 units of new affordable housing, including 10 units of supportive housing;
- create transit-friendly affordable housing directly located on the City’s Central Corridor;
- create new affordable rental housing that is affordable to persons and families earning 60% or less of area median income (AMI) that is consistent with the Section 3.2.1 of the City’s Housing Action Plan for 2010-2013;
- affirm the housing goals of the Hamline Station Area Plan, adopted by the Saint Paul City Council in October 2011, which recognizes that new residential units in the Hamline Station area “would solidify the residential market for the station area and establish it as a mixed use center;” and
- address affordable housing goals as noted in the Hamline Station Area Plan, specifically - “affordable housing is needed in the early years to help change the identity of the area for high density residential in the future.”

Recommendation:

The Executive Director recommends, per the attached resolution, that the HRA Board approve the reservation of \$1,025,857 of the 2014 Low Income Housing Tax Credits for the Hamline Station Family Housing Apartments.

Sponsored by: Commissioner Dave Thune

Staff: Joe Collins, 266-6020

Attachments

- **Attachment A** **Resolution**
- **Attachment B** **Minimum Qualifications for 2014 Credit applicants.**
- **Attachment C** **2014 Credit Scoring Worksheets**
- **Attachment D** **Maps and Project Addresses**
- **Attachment E** **Public Purpose Form**
- **Attachment F** **Census Facts**