

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

REPORT TO THE COMMISSIONERS

DATE: JULY 27, 2016

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING \$200,000.00 IN ISP
COMMERCIAL FUNDS TO YAMTHONGKAM PROPERTIES, LLC FOR THE
CONSTRUCTION OF 1141 RICE STREET, DISTRICT 6, WARD 5**

Requested Board Action

Request the Saint Paul Housing and Redevelopment Authority (HRA) Board of Commissioners to allocate \$200,000 of ISP commercial funds to the demolition and construction of a commercial building by Yamthongkam Properties, LLC at 1141 Rice Street.

Background

Yamthongkam Properties, LLC applied for and was awarded a STAR loan/grant in 2015 to renovate the vacant commercial property at 1141 Rice Street. During the rehabilitation process it was discovered that the foundation walls of the building were not structurally sound and portions of the building would need to be demolished. The existing structure will be demolished and a new building will be constructed in its place. Project costs increased from \$900,000 to \$1,350,000 with the change in the project scope.

The commercial space at 1141 Rice Street will be leased to Krungthep Thai Fusion Restaurant, LLC. The principal of Yamthongkam Properties, Pranee Kempainen, along with Glanthyia Yamthongkam are the principals of Krungthep Thai Fusion Restaurant, LLC. This duo currently runs a successful restaurant at 333 University (Bangkok Thai). Combined, the two have over 60 years of successful restaurant and food business experience.

The property is currently zoned T2. The proposed building will have 3,850 square feet of commercial restaurant space on the main floor and 3,790 of usable square footage on the lower level. The site has 13 on-site parking spaces. The project has support of both the District 6 Planning Council and the North End Business Association.

Budget Action

No budget action is required.

Future Action

No future action is required.

Financing Structure

The total project costs are \$1,348,277. The Property was previously purchased by the applicant and the cost is not included in the total project cost. The applicant has secured \$800,000 in SBA financing from Sunrise Bank for the project and is contributing \$48,277 in equity plus the land to the project. Applicant is requesting assistance from the City in the form of \$200,000 in ISP funds and \$300,000 in STAR funds (already approved).

If funding is approved, the Loan Agreement will be executed by Yamthongkam Properties, LLC, the owner of the building, as an amortized loan at 1% for 20 years. A 3rd position mortgage will be placed on the property at 1141 Rice Street (behind Sunrise Bank and the SBA). A personal guaranty by principal, Pranee Kempainen, will be executed. Additionally, as approved by City Council Resolution #PH15-190 on July 15, 2015, a \$150,000 STAR loan agreement with a 4th position mortgage will be executed along with a \$150,000 STAR grant agreement.

PED Credit Committee Review

The Credit Committee reviewed the project on June 6, 2016 and approved a \$200,000 loan at 1% interest over 240 months. The Credit Committee also approved a \$150,000 STAR loan amortized over 240 months with a 10 year deferral period on payments and interest.

Compliance

The applicant has signed the 2nd letter and the project will meet all applicable compliance requirements (e.g. Vendor Outreach, Affirmative Action, Little Davis Bacon, Project Labor Agreement, Two Bid, etc.).

Green/Sustainable Development

This project will comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

This project is consistent with the Comprehensive Plan. Rice Street is guided as a Mixed Use Corridor in the future land use map. Policy 1.50 in the Land Use Chapter supports this type of project. It states: “Facilitate the redevelopment of commercial areas where existing buildings are no longer considered functional to accommodate viable retail and businesses”. The District 6 Plan generally supports revitalization of Rice Street.

Primary public purpose is removal of a vacant commercial building and creation of a new business. Secondary purposes include generation of private investment, increase in women/minority businesses and increase in tax base.

Statement of Chairman (for Public Hearing)

N/A

Recommendation:

The HRA Executive Director recommends approval of the attached resolution, authorizing \$200,000 of ISP commercial loan funds to Yamthongkam Properties, LLC for the project at 1141 Rice Street.

Sponsored by: Amy Brendmoen

Staff: Beth Ulrich, 651-266-6689

Dan Bayers, 651-266-6685

Attachments

- **Attachment – Project Summary**
- **Attachment – Map**
- **Attachment – Sources and Uses Summary**
- **Attachment – Public Purpose**
- **Attachment – District 6 Profile**