

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

REPORT TO THE COMMISSIONERS

DATE: April 23, 2025

**REGARDING: RESOLUTION APPROVING MODIFICATION OF THE 2002 HOME LOAN TO SAINT PAUL FAMILY PROJECT LIMITED PARTNERSHIP, OWNER OF JACKSON STREET VILLAGE PROJECT, LOCATED AT 1497 JACKSON STREET IN SAINT PAUL, AND FORGIVENESS OF ACCRUED INTEREST, DISTRICT 6, WARD 5**

## **Requested Board Action**

HRA approval is requested to modify the Jackson Street Village project's 2002, \$387,500 HOME loan to be forgivable upon maturity in 2032, and to forgive accrued interest upon closing of the Minnesota Housing Finance Agency ("MHFA") loan.

## **Background**

The Jackson Street Village townhomes project is located at 1497 Jackson Street. It was developed in 2002 by the Saint Paul Family Project Limited Partnership (the "Borrower") which is affiliated with RS Eden. The project has 24 deeply affordable, large rental townhomes that serve families, and one additional unit for a caretaker that is not rent restricted. There are 10 units set aside for households meeting the HUD definition of chronic homelessness and six for individuals with disabilities. All 24 units have project-based vouchers where residents only pay 30% of their income for rent. To assist with the acquisition and development of the project, the HRA approved a HOME loan in the amount of \$387,500 for a term of 30 years; funding partners included MHFA, Ramsey County and the Family Housing Fund.

Due to the age of the project, substantial rehabilitation is required. This will include improving the existing geothermal system, parking lot replacement, sidewalk replacement as needed, upgraded landscaping, replacement of gutters/downspouts, siding as needed, window sashes and screens, unit entry and interior doors, water heaters, flooring, kitchen cabinets, appliances as needed and upgraded security cameras.

In 2023, the Saint Paul HRA Board of Commissioners (RES #23-958), approved modifications to the HRA's \$387,500, 2002 HOME which included the extension of the maturity date for 30 years

(to be coterminous with the anticipated MHFA financing), a reduction of the interest rate from 2% to 0%, and subordination to an anticipated new MHFA loan. The modifications were approved, contingent upon the award and closing of new MHFA financing.

The MHFA has awarded the project a new \$6,205,000 loan and agreed to forgive three existing MHFA loans totaling \$2,251,914. RS Eden is requesting the HRA forgive the \$387,500 HRA HOME loan upon maturity of the loan in 2032 and forgive accrued interest upon closing. The accrued interest as of 3/12/25 was \$175,553.43.

Under the new MHFA financing, the affordability period will be extended for 50 years. The rent restrictions are outlined below:

<b>Units</b>	<b>Unit Size</b>	<b>Rent Limit</b>	<b>% of Income Limit</b>	<b>PBV**</b>
3	Two Bedroom	50% AMI*	30%	Yes
1	Two Bedroom***	NA	NA	NA
16	Three Bedroom	50% AMI	30%	Yes
<u>5</u>	Four Bedroom	50% AMI	30%	Yes
25	Total Units			

\*Area Median Income

\*\* With project-based vouchers residents only pay up to 30% of income for rent.

\*\*\* This unit is for the caretaker.

Borrower has made the modification request in an effort to right-size the debt on this property. The tax credit investor has exited the deal, leaving Borrower as the sole ownership entity. Borrower has a track record providing permanent supportive housing with a comprehensive set of services to low and very low-income individuals and households. The requested loan modification assists Borrower in maintaining a healthy organizational balance sheet by converting to a forgivable loan at the end of the term, versus an extension of 30 years, or 50 years if it were to be coterminous with new first mortgage financing.

**Budget Action**

NA

**Future Action**

NA

### **Financing Structure**

Upon the closing of the MHFA loan, the HRA HOME loan accrued interest would be forgiven. The HRA HOME loan of \$387,500, would be forgiven upon maturity on July 25, 2032 and remain in second position behind the new \$6,205,000 MHFA loan. The existing MHFA loans total \$2,251,914 and will be forgiven upon closing, subordinate liens held by Ramsey County and Family Housing Fund will reduce interest rates to 0% and forgive accrued interest. The total cost of the new rehabilitation project is \$6.4 Million and will be primarily financed with the \$6,205,000 MHFA loan. Other financing includes a deferred developer fee, reserves, energy rebates, and a small cleanup loan from Ramsey County. A sources and uses of funds is attached.

The 2025 Ramsey County assessed market value for the property is \$4,104,100. The new MHFA loan of \$6,205,000 will have a first mortgage, partially secured by the collateral value of the property. There is no residual collateral value to secure the HRA HOME loan.

### **PED Credit Committee Review**

On April 1, 2025, the Credit Committee recommended approval of the forgiveness of the HOME loan upon maturity and the forgiveness of accrued interest upon closing.

### **Compliance**

NA

### **Green/Sustainable Development**

NA

### **Environmental Impact Disclosure**

NA

### **Historic Preservation**

NA

### **Public Purpose/Comprehensive Plan Conformance**

The Jackson Street Village project is in alignment with the Future Land Use Plan of the 2040 Comprehensive Plan which designates this area as Urban Neighborhood with multi-family housing predominating along arterial and collector streets, particularly those with transit. Jackson Street Village is served by Metro Transit Local Route 61.

The Jackson Street Village rehabilitation project furthers City efforts toward meeting the goal of decent, safe and healthy housing with fair and equitable access for all Saint Paul residents. Efforts to preserve deeply affordably rental housing units supporting those with mental illness and/or chemical dependency is in alignment with Policy H-18. The larger unit sizes further support housing goals to reduce overcrowding by providing adequate space for families in alignment with Policy H-7.

### **Recommendation:**

The Executive Director recommends approval of the attached resolution for the Jackson Village project that calls for the forgiveness of accrued interest for the 2002 HRA HOME loan and forgiveness of the loan upon maturity, contingent on the closing of the \$6,205,000 MHFA loan.

**Sponsored by:** Commissioner Kim

**Staff:** Marie Franchett, Principal Project Manager, 651-266-6702

### **Attachments:**

- **Resolution**
- **Map**
- **District Profile**