

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 24, 2018

REGARDING: RESERVATION OF 2019 LOW INCOME HOUSING TAX CREDITS FOR PPL AIN DAH YUNG SUPPORTIVE HOUSING, DISTRICT 7; SAINT PAUL PRESERVATION PROJECT, DISTRICT 2, DISTRICT 3, DISTRICT 6 AND DISTRICT 7; NORTH WEST UNIVERSITY DALE, DISTRICT 7, AND PARKWAY APARTMENTS, DISTRICT 4.

Requested Board Action

Approval of the attached resolution to reserve \$217,700 of 2019 Low Income Housing Tax Credits for PPL Ain Dah Yung Supportive Housing, District 7; reserve up to \$366,266 of 2019 Low Income Housing Tax Credits for Saint Paul Preservation Project, multiple address located in District 2, District 3, District 6, and District 7; reserve up to \$298,793 for North West University Dale, District 7, and reserve up to \$100,000 to Parkway Apartments.

Background

The Federal Tax Reform Act of 1986 created the Low Income Housing Tax Credits Program (the “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 (“Credits”).

On May 23, 2018, by Resolution 18-855, the Housing and Redevelopment Authority of Saint Paul’s Board of Commissioners (“the HRA Board”) endorsed changes to the Minneapolis/Saint Paul Housing Finance Board’s (“the Finance Board”) *2019 Low Income Housing Tax Credit Procedural Manual* (“the *2019 Procedural Manual*”) and the *2019 Qualified Allocation Plan* (“the *2019 QAP*”) to reflect the HRA Board’s housing selection priorities for the 2019 Credit Program. On July 17, 2018, the Finance Board approved the *2019 Procedural Manual* and the *2019 QAP*. The Finance Board also authorized the HRA Board to administer the 2019 Credit Program and reserve up to \$982,759 of 2019 Credits to qualified Saint Paul developments.

To receive 2019 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the credit period. (See: attached *2019 QAP*, Article VIII (D), 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 *2019 QAP* scoring criteria.

The HRA received four (4) applications by the August 23, 2018 deadline as follows:

Project Name: PPL AIN DAH YUNG SUPPORTIVE HOUSING
Address: 769 University Avenue
Developer: Project for Pride in Living, Inc.
Owner: ADYC Supportive Housing Limited Partnership
Project Type: New construction - 42 affordable housing units for homeless youth and formerly homeless youth between 18 and 24 years of age.

Total Units: 42 supportive housing units
 32 single room occupancy renting to households at 30% AMI
 10 single room occupancy renting to households at 50% AMI

Zoning District: T-2 Traditional Neighborhood District
Relocation: Not applicable
Eminent Domain: None
Project Cost: \$13,675,585
City Financing (pass-thru) Met Council LCDA \$350,000; Met. Council TBRA, \$47,200; MN DEED \$93,813; and Met Council LCDA \$424,008

2018 Housing Tax Credit approved \$465,012
2019 Housing Tax Credits requested: \$217,700
2019 Housing Tax Credit recommended: **\$217,700**

Project Name: SAINT PAUL PRESERVATION PROJECT
Address: 1724-1760 Case Avenue, 1741-1761 Sims Avenue, 758 Victoria Avenue N, 848 & 856 Englewood, 846 Pierce Butler Route, 418 Maryland Avenue W, and 76 Stevens Street W

Developer: Phoenix Development Company
Owner: Saint Paul Preservation Project, LLC
Project Type: Preservation of 172 existing affordable housing units
Total Units All 172 units are renting to households at 60% of AMI (including 4 SRO; 91 one-bedrooms, 69 two-bedrooms; 3 three-bedrooms, and 5 four-bedrooms)

Zoning District: RM2 Residential District (multiple family residential district)
Relocation: Temporary relocation, as needed
Eminent Domain: None
Project Cost: \$17,155,479
City/HRA Financing: \$0
2019 Housing Tax Credits requested: \$366,266
2019 Housing Tax Credit recommended: **\$366,266**

Project Name: NORTH WEST UNIVERSITY DALE
Address: 625 University Avenue
Developer: Wellington Management
Owner: University & Dale LP
Project Type: New construction - 40 affordable housing units
Total Units: 40 units:
 1 one-bedrooms renting to households at 30% AMI;
 1 two-bedrooms renting to households at 30% AMI;
 3 three bedrooms renting to households at 30% AMI
 4 one-bedrooms renting to households at 50% AMI;
 8 two-bedrooms renting to households at 50% AMI;
 3 three bedrooms renting to households at 50% AMI
 1 SRO renting to households at 60% AMI
 4 one-bedrooms renting to households at 60% AMI;
 9 two-bedrooms renting to households at 60% AMI;
 6 three bedrooms renting to households at 60% AMI
Zoning District: T3 Traditional Neighborhood District
Relocation: Temporary and permanent relocation rights under the Uniform Relocation Act will be provided to occupants. Not applicable
Eminent Domain: None
Project Cost: \$13,604,320
City Financing (pass-thru) Met. Council LCDA \$285,000; Brownfield Grants (DEED, Met. Council, Ramsey County) \$162,800; Met. Council Investigation Grant \$21,693; DEED Redevelopment Grant \$200,000
HRA Financing to be requested: \$0
2019 Housing Tax Credits requested \$979,685
2019 Housing Tax Credit recommended \$298,793

Project Name: PARKWAY APARTMENTS
Address: East 7th Street and Bush Avenue
Developer: JB Vang Partners
Owner: The Parkway Limited Partnership
Project Type: New construction - 60 affordable housing units
Total Units: 60 units, including 6 supportive housing units
 4 SRO renting to households at 50% AMI
 8 one-bedrooms renting to households at 50% AMI;
 18 two-bedrooms renting to households at 50% AMI;
 30 three-bedrooms renting to households at 50% AMI
Zoning District: RM1 and RM2 Residential District (multi-family)
Relocation: Not applicable
Eminent Domain: None
Project Cost: \$15,990,956
City Financing (pass-thru): Met Council TBRA (Predevelopment) \$30,700
HRA Financing to be requested: \$0
2019 Housing Tax Credit requested: \$1,393,625
2019 Housing Tax Credit recommended: \$100,000

According to Article VIII (L) of the 2019 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.

Pursuant to the 2019 QAP selection and preference priorities, the applications scored as follows:

PPL Ain Dah Yung Supportive Housing	45 points
Saint Paul Preservation Project	31 points
North West University Dale	29 points
Parkway Apartments	27 points

(See the attached **2019 Credit Scoring Worksheets** for the scoring of each proposal.)

Upon review, HRA staff recommends that the HRA Board approves the following: :

- Reservation of \$217,700 of 2019 Credits for the PPL Ain Dah Yung Supportive Housing project,
- Reservation of \$366,266 of 2019 Credits for Saint Paul Preservation Project; and
- Reservation of \$298,793 of 2019 Credits for North West University Dale.
- Reservation of \$100,000 of 2019 Credits for Parkway Apartments.

Financing Structure

Financing Structure – PPL Ain Dah Yung Supportive Housing		
Funding Source	Amount	Action
9% Syndication Proceeds	\$11,582,378	
Ramsey County	\$22,570	Committed
Met. Council LCDA	\$424,000	Committed
Sales Tax Rebate	\$251,124	Committed
Energy Rebate	\$14,500	Committed
Shakopee Mdewakanton Sioux Committee	\$100,000	Committed
Mille Lacs Band of Ojibwe	\$40,000	Committed
Met. Council LCDA	\$350,000	Committed
Federal Home Loan Bank	\$750,000	Committed
DEED	\$93,813	Committed
Met. Council TBRA	\$47,200	Committed
TOTAL	\$13,675,585	

Financing Structure - Saint Paul Preservation Project		
Funding Source	Amount	Action
First Mortgage	\$12,100,000	
9% Syndication Proceeds	\$3,369,310	
Rahill Capital PACE	\$865,000	Committed
Seller Carry Back	\$770,000	Committed
Deferred Developer Fee	\$51,169	Committed
TOTAL	\$17,155,479	

Financing Structure - North West University Dale		
Funding Source	Amount	Action
First Mortgage	\$3,060,000	
9% Syndication Proceeds	\$9,306,077	
Brownfield Grants (DEED, Met. Council, Ramsey County)	\$162,800	Applied
Capitol City Watershed District Grant	\$25,000	
Met. Council Investigation Grant	\$21,693	Committed
LCDA 2018	\$285,000	Applied
DEED Redevelopment Grant	\$200,000	Applied
Deferred Developer Fee	\$543,750	Committed
TOTAL	\$13,604,320	

Financing Structure - Parkway Apartments		
Funding Source	Amount	Action
First Mortgage	\$3,557,000	Letter of Intent
9% Syndication Proceeds	\$12,403,256	
Met.Council TBRA (Predevelopment)	\$30,700	Committed
Deferred Developer Fee	\$0	
TOTAL	\$15,990,956	

Budget Action

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

Future Action

PPL Ain Dah Yung Supportive Housing: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions for all required HRA financing and/or 2019 Low Income Housing Tax Credits (“LIHTC”).

Saint Paul Preservation Project: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions required for 2019 LIHTC.

North West University Dale: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions required for HRA financing and/or 2019 LIHTC.

Parkway Apartments: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions required for HRA financing and/or 2019 LIHTC.

PED Credit Committee Review

NA. No loan risk rating is involved.

Compliance

N/A. Approval of Credit Reservations does not activate the compliance requirements. However, the developers/project owners of PPL Ain Dah Yung Supportive Housing, Saint Paul Preservation Project; North West University Dale; and Parkway Apartments must respectively comply with the Saint Paul Compliance requirements, including Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon as conditions of receiving HRA financing.

Green/Sustainable Development

PPL Ain Dah Yung Supportive Housing, Saint Paul Preservation Project, North West University Dale, and Parkway Apartments must comply with the *Saint Paul Sustainable Development Policy*.

Environmental Impact Statement

NA

Historic Preservation

NA

Public Purpose

PPL Ain Dah Yung Supportive Housing:

Constructing 42 new affordable housing units as follows:

- 32 units of affordable housing that serves young adult households at 30% AMI rent limits
- 10 units of affordable housing that serves young adult households at 50% AMI rent limits

Saint Paul Preservation Project :

Preserving 172 NOAH (Naturally Occurring Affordable Housing) as follows:

- 172 housing units affordable to households at 60% AMI
- Renovating existing multi-family developments located in District 2, District 6, and District 7

North West University Dale Apartments :

Constructing 40 new affordable housing units as follows:

- 5 housing units affordable to households at 30% AMI
- 15 housing units affordable to households at 50% AMI
- 20 housing units affordable to households at 60% AMI

Parkway Apartments :

Constructing 60 new affordable housing units as follows:

- 6 housing units affordable to households at 30% AMI
- 54 housing units affordable to households at 50% AMI

Recommendation:

The Executive Director recommends, per the attached resolution, that the HRA Board approve the following:

- Reservation of \$217,700 of 2019 Credits for the PPL Ain Dah Yung Supportive Housing project,
- Reservation of \$366,266 of 2019 Credits for Saint Paul Preservation Project; and
- Reservation of \$298,793 of 2019 Credits for North West University Dale.
- Reservation of \$100,000 of 2019 Credits for Parkway Gardens.

Sponsored by: Commissioner Chris Tolbert

Staff: Joe Collins, 266-6020

Attachments

- **2019 QAP**
- **2019 Credit Scoring Worksheets**
- **Maps**
- **Public Purpose**
- **District Profiles**