

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

REPORT TO THE COMMISSIONERS

DATE: January 13, 2016

REGARDING: APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED HOME LOAN AGREEMENT FOR THE PRIOR CROSSING HOUSING DEVELOPMENT LOCATED AT 1949 UNIVERSITY WEST, DISTRICT 11, WARD 4

Requested Board Action

Authorization to execute an amended loan agreement with Prior Crossing Housing LP (“Developer”) regarding the allocation of an additional \$1,000 Department of Housing and Urban Development (HUD) HOME funds to assist in the financing of the Prior Crossing Project and to meet HUD drawdown requirements.

Background

On February 11, 2015, the HRA approved funding of up to \$550,000 in HOME funds to the Developer for the new construction of a 44-unit supportive housing development for homeless youth (“Project”). Due to an oversight, 100% of the HOME funds were drawn down for this project on September 25, 2015 instead of reserving a portion for the final construction draw. HUD requires activities to be completed within 120 days after the final HOME funds drawdown. This project will not be completed until the summer of 2016. Per HUD requirements, if the activity is not completed or cancelled by the end of January 2016, the City’s ability to set up and commit funds to new HOME activities will be suspended until this project is completed, cancelled, or otherwise taken out of final draw status.

To solve this issue, HUD’s recommendation is to amend the HOME Loan Agreement to increase the budget. The additional HOME funds will not be disbursed until completion of the project. Staff recommends increasing the HOME budget by \$1,000 to help pay for the required HUD HOME final inspection at project completion. This activity is listed as HRA Inspection Fee (Attachment D) and will ensure the HOME units are in compliance with HUD requirements.

Budget Action

The Budget action to amend the budget is noted in the **Attachment A**.

Currently, there is \$1,348,000 of HOME funds that have not been set-up for specific projects.

Future Action

N/A

Financing Structure

The budget amendment will bring the total project development cost to \$ 11,292,836.00. A

Sources and Uses Summary Funds Form is located in **Attachment D**.

The amount for all funding sources and terms remains unchanged, except the Saint Paul HOME fund that is increased by \$1,000.

Credit Committee

Credit Committee reviewed and approved the HOME budget increase for this project by \$1,000 on January 4, 2015, under the same terms and conditions as the initial \$550,000.

Compliance

The Project is required to meet compliance requirements for Vendor Outreach, Section 3, Affirmative Action, Federal Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Project Labor Agreement and Two-Bid Policy.

Green/Sustainable Development

The project will be subject to compliance with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

The site contained an existing two-story commercial building. The building was reviewed through the Section 106 review process and was deemed not historic. The building was demolished in early 2014.

Public Purpose/Comprehensive Plan Conformance

Providing affordable rental housing for homeless youth ages 18-25 with supportive services is the primary public purpose of this Project.

Saint Paul Comprehensive Plan

Prior Crossing Apartments is consistent with the Comprehensive Plan because it creates additional homeless housing units and increases housing density in the Fairview LRT station area. The Hamline-Midway Neighborhood District Council is supportive of the project.

Housing

Strategy 1: Target growth in unique neighborhoods.

Policy 1.2: Permit high density residential development in Neighborhood Centers, mixed-Used Corridors, the Central Corridor and Downtown.

Policy 3.4 Assist in the preservation and production of homeless and supportive housing.

Recommendation:

The Executive Director recommends approval of the attached resolution.

Sponsored by: Commissioner Russ Stark

Staff: Jules Atangana 6-6552

Attachments

- **Attachment A – Budget Amendment**
- **Attachment B -- Map**
- **Attachment C -- Project Summary**
- **Attachment D -- Sources and Uses Summary**
- **Attachment E -- Public Purpose**
- **Attachment F – District 11 Profile**