

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

REPORT TO THE COMMISSIONERS

DATE: APRIL 10, 2024

REGARDING: AUTHORIZING A LOAN UP TO \$30,000.00 FROM THE HRA BUSINESS ASSISTANCE FUND TO SELBY PROPERTY INVESTMENTS LLC, 1675 SELBY AVENUE, DISTRICT 13, WARD 4

Requested Board Action

Approve a \$30,000 loan to Selby Property Investments LLC to assist with the rehabilitation of its space located at 1675 Selby Avenue West.

Background

In summer 2023, Mike and Spencer Henle acquired a building located at 1675 Selby Avenue through their new LLC, Selby Property Investments. The building was previously a sign printing shop but had been vacant and underutilized for several months when it was acquired. Mike and Spencer plan to renovate the building including a completely updated exterior façade, a renovated first floor which will house two commercial tenants including a clothing resale and vintage store and a small office and storage for an event rental business, some limited upgrades to the second-floor rental housing unit, and removal and replacement of a storage space in the rear of the property. Upon completion, the business will aesthetically mirror the other recently updated businesses in the neighborhood and create a more active pedestrian use on the Selby Avenue corridor. This will create for a better pedestrian experience while investing in an existing structure.

Spencer and Mike have become actively involved with the Selby Avenue Business Association since purchasing the new building. Mike and Spencer also own Twin Cities Tent and Event Rentals which they started in 2022. Twin Cities Tent and Event Rental will serve as one of the tenants in the building located at 1675 Selby Avenue along with a vintage clothing resale shop. The vintage clothing and resale business is set to begin operations in June 2024. Mike has experience owning and operating other commercial properties in Marshall, MN and will be bringing his experience to this property in Saint Paul.

Budget Action

This loan is funded from the fiscal year 2024 budgeted funds in the HRA loan Enterprise—Business Assistance Program. No budget amendment is required. If this resolution is adopted, the balance in the program will be \$501,200.

Future Action

N/A

Financing Structure

The total project cost is \$124,000 and is being funded through a combination of a private bank loan, private equity, and a \$30,000 Year-Round STAR award through the Ward 4 Council Office. The project has a remaining \$30,000 gap to complete the financing structure for the project. Staff is recommending using the Business Assistance Fund to provide the remaining funding gap. This is a new business venture that has tenants for the commercial space secured and staff is recommending a 10 year term with two years of deferral to allow the business to start generate positive cashflow before repayment of funds begins on the HRA loan.

The total ask is \$30,000 with the following terms:

Principal: \$30,000

Term: 10-years, 2 years deferred

Rate: 3%

Repayment method: monthly payments totaling about \$351.89 a month starting in March 2026.

The project's sources and uses is shown on the following page.

Uses		
Full building work		
Electrical	\$ 24,000.00	
Plumbing	\$ 6,000.00	
Permits	\$ 1,500.00	
Flooring	\$ 9,900.00	
		\$ 41,400.00
First Floor Work		
Front Door Refinish	\$ 1,500.00	
Sheetrock 1st Floor	\$ 6,500.00	
Framing Ceiling 1st Floor	\$ 2,500.00	
Awning	\$ 6,000.00	
Glass for Front	\$ 8,000.00	
Construction on Front	\$ 13,000.00	
		\$ 37,500.00
Storage Unit Work		
Storage Unit	\$ 20,000.00	
Storage Unit Construction	\$ 9,500.00	
Concrete	\$ 15,600.00	
		\$ 45,100.00
Total	\$ 124,000.00	

Sources		
Bank Line of Credit	\$ 50,000.00	
Selby Property Equity	\$ 14,000.00	11%
HRA BAF	\$ 30,000.00	
City YR STAR	\$ 30,000.00	
Total	\$ 124,000.00	

PED Credit Committee Review

On March 26, 2024, the Credit Committee reviewed the proposed loan and its terms. The loan and terms were approved with a Risk Rating of Acceptable.

Compliance

The following compliance areas apply to this project:

- Vendor Outreach Program
- Prevailing Wage
- Affirmative Action
- Two Bid

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Development Policy. The project is updating windows and HVAC in the building which will create a more efficient and energy conscious building.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The renovation of this building will allow for a formerly vacant structure to be a new and active use in a building that is updated and architecturally attractive. Additionally, the project will facilitate the creation of at least two new full-time jobs with the potential for additional full and part time jobs to be generated by retail tenants in the building.

The following details how this Project is consistent with the Downtown Station Area Plan Policies:

1. Policy LU-9: promote high-quality urban design that supports pedestrian friendliness and a health environment and enhances the public realm.
2. Policy LU-28: support pedestrian-friendly streetscapes and visual interest through commercial building design
3. Policy LU-36: support neighborhood serving commercial businesses within Urban Neighborhoods that are compatible with the character and scale of the existing residential development.

Recommendation

The Executive Director recommends approval of the resolution which approves a \$30,000 Business Assistance Fund loan to Selby Property Investments LLC.

Sponsored by: Commissioner Jalali

Staff: Daniela Lorenz, 651-266-6595

Attachments

- Public Purpose