

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 24, 2020

REGARDING: RESOLUTION APPROVING A FORGIVABLE LOAN OF \$92,750 OF HOME FUNDS TO CAPITALIZE OPERATING RESERVES FOR KIMBALL COURT, A PROJECT LOCATED AT 545 SNELLING AVENUE NORTH IN SAINT PAUL, DISTRICT 11, WARD 4.

Requested Board Action

1. Approve a forgivable loan of \$92,750.00 of HOME funds to capitalize operating reserves for Kimball Court, a project located at 545 Snelling Ave North in Saint Paul
2. Authorize the HRA Executive Director to execute all related documents

Background

Kimball Court (the “Project”) is a 76-unit congregate (single room occupancy) property with 54 single-room units with shared bathrooms and 12 single-room units with kitchens located at 545 Snelling Ave North in Saint Paul in the Midway neighborhood. The Project houses single adults who have experienced homelessness. The Project was acquired by Beacon Interfaith Housing Collaborative (“Beacon”) in 2010 from Amherst H. Wilder Foundation. Beacon is the sole owner.

For the past several years, the Project has not generated any cash flow and in the context of COVID-19 pandemic, the configuration of the Project with shared bathrooms and kitchens, presents unique challenges in ensuring resident and staff safety, especially residents who, because of disability, prior experiences of homelessness, underlying health conditions, face elevated risks.

Current loans consist of the following:

Priority	Lender	Amount
1	MHFA	\$ 780,818.00
2	MHFA	\$ 665,000.00
3	MHFA	\$ 501,103.00
4	City	\$ 400,000.00
5	MHFA	\$ 305,000.00
6	MHFA	\$ 100,000.00
7	City	\$ 100,000.00

Budget Action - None

Future Action - None

Financing Structure

Current tenants in HOME units may be unable to meet their rent obligations due to the economic impact of the COVID-19 pandemic and at the same time property owners may experience increased operating costs related to increased cleaning and other health measures. In order to address the resulting operating deficits HOME properties, HUD has enabled Participating Jurisdictions to take rapid action to establish capitalized reserves to preserve the financial viability of HOME-assisted affordable rental projects currently under a HOME period of affordability that are not financially viable due to COVID-19.

Kimball Court is a 76-unit single-room occupancy property with share bathrooms and kitchens for most units serving formerly unsheltered residents. Given the vulnerable population served, and the shared common facilities of this SRO building, the current COVID -19 pandemic has put additional pressure on the Project’s operating expenses and staff has determined that Kimball Court is a troubled HOME-assisted rental housing project with a period of affordability ending in 2040. HUD has waived the requirement of a written memorandum of agreement between HUD and the City as a precondition of this additional funding. The waiver authority can only be exercised if the project owner agrees to forego the following:

1. any distributions of residual receipts resulting from the project throughout the waiver period and for a period of 6 months thereafter;

2. any right under the existing lease agreement or State or local law to pursue legal action against tenants of HOME-assisted units for non-payment of rent and the collection of any fees associated with late payments without prior approval of the City;
3. any adverse credit reporting against tenants of HOME- assisted units for nonpayment of rent or fees without prior approval of the City.

In addition to the above, the total HOME funding for the Project (original investment plus additional investment) must not exceed the per-unit subsidy limit. Beacon has reviewed the conditions and has agreed with the above requirements. The loan in the amount of \$92,750.00 will fund operating fund deficits of the Project due to COVID-19, for Kimball Court to continue providing services to the homeless population such as housing stability, chemical and mental health, employment and career training. This loan shall mature on December 31, 2020, at which time it will be forgiven if in compliance with program terms. This loan shall bear no interest, and no principal payments shall be due. Any remaining funds not used by December 31, 2020 will be returned to the City.

PED Credit Committee Review

PED Credit Committee reviewed and recommended this request for HRA Board approval on June 2, 2020

Compliance - NA

Green/Sustainable Development - NA

Environmental Impact Disclosure

HOME funding requires an environmental review which has been completed.

Historic Preservation – Not required

Public Purpose/Comprehensive Plan Conformance:

The project meets the public purpose objectives of preservation of existing affordable housing units and conforms to the following plans:

Housing Plan the Comprehensive Plan (2030):

3.1. Support the preservation of publicly assisted and private affordable housing.

d. Support the preservation of other low-income housing units under private ownership and management. The City/HRA should actively work with private owners to ensure the long-term affordability of such units, particularly in neighborhoods where there are fewer housing choices for low-income people.

Statement of Chairman (for Public Hearing)

Recommendation:

The Executive Director recommends adoption of the attached Resolution, approving a forgivable loan in the amount of \$92,750.00 of HOME funds to capitalize operating reserves for Kimball Court, per the terms and conditions set forth herein and related documents to be executed.

Sponsored by: Mitra Jalali

Staff: Jules Atangana - 651.266.6552

Attachments

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