

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 26, 2022

REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION TO THE ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) AGENCY OF THE U.S. DEPARTMENT OF COMMERCE FOR THE AMERICAN RESCUE PLAN ECONOMIC ADJUSTMENT ASSISTANCE NOTICE OF FUNDING OPPORTUNITY (NOFO) IN THE AMOUNT OF \$1,250,000 TO CAPITALIZE A REVOLVING LOAN FUND (RLF), AND COMMITMENT OF \$250,000 FROM THE HRA BUSINESS ASSISTANCE FUND AS REQUIRED 20% MATCH, CITYWIDE

Requested Board Action

Approve and authorize the submission of a grant application to the Economic Development Administration (EDA) Agency of the U.S. Department of Commerce for the American Rescue Plan Act Economic Adjustment Assistance Notice of Funding Opportunity (NOFO) in the amount of \$1,250,000 to capitalize a Revolving Loan Fund (RLF), and commitment of \$250,000 from the HRA Business Assistance Fund as required 20% match for the duration of the application period.

Background

The Economic Development Administration is a federal agency with the mission to lead the federal economic development agenda by promoting innovation and competitiveness and preparing American regions for growth and success in the worldwide economy. The EDA offers multiple grant opportunities aligned around this mission, each with a different focus and objective. The Economic Adjustment and Assistance (EAA) program is the EDA's most flexible grant opportunity and provides funding for a range of construction and non-construction projects in communities that meet requirements demonstrating economic hardship. In 2021, the American Rescue Plan Act (ARPA) allocated an additional \$500 million to the EDA-EAA program. Under the amended program guidelines due to the COVID-19 pandemic, all communities are eligible to receive EDA-EAA funding, and the normally required 50% match has been reduced to 20%.

The resolution authorizes the commitment of a \$250,000 from the HRA Business Assistance Fund as the required 20% match, for the duration of the grant application period.

After researching and exploring projects and uses for this funding, PED staff determined an optimal use of this opportunity is to capitalize the HRA Business Assistance Fund and enhance our capacity to lend capital to new and existing businesses who are unable to secure sufficient private capital needed to start or grow their business. The timing of this request coincides with the development of HRA Business Assistance Fund Guidelines. If awarded, we have up to three years to originate loans financed with the EDA grant funds (although a shorter period of two years may be implemented by the EDA).

Budget Action

None.

Future Action

Should we be awarded funding, we will seek authorization to accept the award and approve a segregated budget that includes the awarded dollars and the 20% required match from the HRA Business Assistance fund. As this grant would add funding capacity to the HRA Business Assistance Fund, loan requests greater than or equal to \$50,000 will require HRA Board approval.

Financing Structure

All financing will be provided as a loan to be repaid, with flexible interest rates and terms to best meet the needs of the project. Standard terms are 3% interest rate and an eight-year term. Project financing must include no less than 10% owner equity. Loan requests greater than or equal to \$50,000 will require HRA Board approval.

PED Credit Committee Review

Requests for funding will be reviewed by the PED Credit Committee on a project-by-project basis.

Compliance

Individual projects funded through the HRA Business Assistance Fund will need to be reviewed for compliance requirements on a project-by-project basis.

Green/Sustainable Development

The maximum loan size is below the threshold for the City of Saint Paul Sustainability Building Policy. If an exemption is made and a larger loan is approved, individual projects funded through the HRA Business Assistance programs may have to comply with the requirements of the City of Saint Paul Sustainability Building Policy or the PED/HRA Sustainability Initiative. Applicability will be reviewed on a project-by-project basis.

Environmental Impact Disclosure

Environmental reviews will be completed as necessary to assess the environmental impact of projects funded by a loan made with the EDA grant and staff will ensure necessary compliance requirements are met.

Historic Preservation

The State Historic Preservation Officer will be notified of any loan proposal that involves significant new construction or expansion requesting that they submit comments on the effect of the proposed activity on historic and archaeological resources. The RLF Program Manager and Project Manager, along with City/PED historic preservation staff shall work with the SHPO and EDA in cases where the SHPO has recommended actions or has been determined an adverse impact.

Public Purpose/Comprehensive Plan Conformance:

2040 Adopted Comprehensive Plan, Saint Paul for All includes the following strategies that support this resolution:

- LU-6. Foster equitable and sustainable economic growth by:
 - o 1. Facilitating business creation, attraction, retention and expansion;
 - o 4. Proactively directing new development to high-priority geographies, such as Neighborhood Notes, ACP50 Areas and Opportunity Sites;

- o 5. Encouraging cultural and arts-based businesses and business districts, such as Little Mekong, Little Africa, Rondo and the Creative Enterprise Zone;
- o 6. Supporting business, real estate and financial models that keep more money locally, such as locally-owned business, local-prioritized employment, employee-owned businesses and commercial land trusts;
- o 9. Developing programs and funding sources for site acquisition and parcel assembly

Recommendation:

The Executive Director recommends approval of the resolution approving submission of the grant application and commitment of matching funds from the HRA Business Assistance Fund for the duration of the grant application process.

Sponsored by: Chair Chris Tolbert

Staff: Annie Byrne 651-266-8567