

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

REPORT TO THE COMMISSIONERS

DATE: FEBRUARY 9, 2022

REGARDING: RESOLUTION APPROVING GUIDELINES FOR THE HRA BUSINESS
ASSISTANCE FUND, CITYWIDE

Requested Board Action

Approval of the resolution establishing the guidelines for the HRA Business Assistance Fund.

Background

The Housing and Redevelopment Authority of the City of Saint Paul (HRA) has approved funding annually for support for small businesses, commonly referred to as the Business Assistance Fund. Staff would like to memorialize guidelines for its Business Assistance Fund (Fund) to 1) be more transparent and clearly articulate the goals and purpose of the Fund; 2) better market the Fund and reach more businesses that may benefit; and 3) outline metrics that will be evaluated as part of the approval process for specific uses of the Fund.

Proposed HRA Business Assistance Fund guidelines are summarized below and attached to the Resolution for approval:

- **Eligible Businesses** are new and existing for-profit businesses located within Saint Paul. The Fund is for gap financing and should be considered the resource of last resort. Applicants are required to have explored and been unable to obtain other financing for filling a funding gap before applying to the Business Assistance Fund.
- **Eligible Uses:**
 - Building improvements
 - Equipment purchase
 - Building acquisition
 - Working capital and inventory purchase
 - Professional fees in conjunction with the completion of the project

- **Public Purpose Evaluation** – In addition to considering viability and need, approved projects will be evaluated on how they meet the following public purposes:
 - Create new Jobs in Saint Paul, and/or
 - Benefit the Community in at least **ONE** of the following ways:
 - Positive tax base impacts through capital investments to real property.
 - Renovation of vacant building/multi-tenanted space.
 - Investments in low-moderate income areas.
 - Investments to meet documented underserved or unserved community need.
- **Financing Terms**
 - Project financing must include no less than 10% owner equity.
 - Financing from all City / HRA sources is targeted to be less than 50% of the total project costs.
 - The typical loan size will range from \$20,000 - \$150,000.
 - Financing will be provided as a loan to be repaid, with flexible interest rates and terms to best meet the needs of the project. Applicants will be required to demonstrate project viability and ability to repay all debt.
 - Security interest, mortgage (as applicable), and personal guaranty will be required for all loans, and can be subordinate to other private financing.

Budget Action – N/A

Future Action

Loan requests greater than or equal to \$50,000 that are recommended by City staff, approved by the Resource Team, and assigned a risk rating by the Credit Committee, will be presented to the HRA Board for approval.

Financing Structure – N/A

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.

Environmental Impact Disclosure – N/A

Historic Preservation – N/A

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

Statement of Chairman (for Public Hearing) – N/A

Recommendation:

The Executive Director recommends approval of the resolution establishing the HRA Business Assistance Fund guidelines.

Sponsored by: HRA Chair Tolbert

Staff: Annie Byrne 651-485-3874

Attachments:

- Business Assistance Fund Guidelines