

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

REPORT TO THE COMMISSIONERS

DATE: JULY 12, 2023

**REGARDING: RESOLUTION RECOMMENDING APPROVAL OF A COMMUNITY DEVELOPMENT BLOCK GRANT (“CDBG”) LOAN OF \$166,800 TO REPAIR AN AFFORDABLE HOUSING PROJECT AT 833 UNIVERSITY AVENUE, DISTRICT 7, WARD 1**

## **Requested Board Action**

Staff is requesting the HRA Board of Commissioners to recommend approval by the City Council of a \$166,800 CDBG loan to Model Cities of St. Paul Inc. (or its subsidiary Model Cities Families First No. 1, LLC) for the rehabilitation of the Families First project at 833 University Avenue.

## **Background**

The multi-family project at 833 University Avenue consists of a 6-unit townhome building, owned by Model Cities Families First No. 1, LLC and operated by its affiliated entity, Model Cities of St. Paul Inc. (collectively, “Model Cities”). The 833 University building has experienced water damage due to deterioration of the exterior cladding. The rehabilitation work for the project will include the replacement of the building exterior cladding on two sides of the building where there has been water infiltration. All six units provide permanent supportive housing affordable to households at 50% of AMI or below. The St. Paul Public Housing Authority provides Section 8 vouchers for 5 of the units, providing deeply affordable units to households who pay rent limited to 30% of their income. Model Cities is requesting a \$166,800 deferred loan to help complete the repairs. On May 16, 2023, the Ramsey County Board awarded the project \$490,936 of County HRA funding. The City of Saint Paul and Ramsey County monies will fully fund the \$657,736 preservation project.

## **Budget Action**

The HRA Board will recommend to the City Council that the City of Saint Paul allocate \$166,800 of CDBG funds for the subject loan to repair the 833 University project.

**Future Action**

No future action is anticipated.

**Financing Structure**

The \$166,800 CDBG loan will be structured as a deferred loan with no payments of principal or interest due until maturity. The loan will have a 30-year maturity date and 1% annual interest. The new affordability period will be 30 years, extending until 2053.

**PED Credit Committee Review**

At the February 14, 2023, Credit Committee meeting, the proposed loan was reviewed and a “Loss” risk rating was assigned. The project provides deeply affordable housing units so there isn’t cash flow to make payments, so a 30-year deferred loan is recommended.

**Compliance**

The project will comply with Vendor Outreach, Affirmative Action, and the Two Bid Policy. Because the project is less than 7 units Living Wage isn’t required.

**Green/Sustainable Development**

NA

**Environmental Impact Disclosure**

An environmental review per HUD requirements was completed.

**Historic Preservation**

The State Historic Preservation Office reviewed the project as part of the environmental review process and found the project would not impact historic properties eligible for or listed on the National Register of Historic Places.

**Public Purpose/Comprehensive Plan Conformance:**

The subject property is in an area defined by the comprehensive plan as mixed use and within the Victoria station neighborhood node in District 7. A wide range of uses are appropriate in areas defined as mixed use by the 2040 comprehensive plan, including multi-family residential uses.

The proposed rehabilitation of this six-unit building is consistent with the underlying mixed use land use designation.

The project is consistent with the following Comprehensive Plan policies:

- H-18, which calls for fostering the preservation of deeply affordable housing units and supportive housing and policy
- H-40 which calls for prioritizing the preservation of income restricted and naturally occurring affordable housing in areas with improved transit.

It is consistent with L9. of the Frogtown neighborhood plan (the SMAPL), which calls for supporting the rehabilitation of multi-family residential uses on arterial streets that are served by public transit.

**Recommendation:** Staff recommends the HRA recommend approval of the proposed loan in accordance with the attached resolution.

**Sponsored by:** Commissioner Balenger

**Staff:** Marie Franchett, Principal Project Manager

#### **Attachments**

- **Map**
- **Sources and Uses**
- **D7 Frogtown Thomas Dale Neighborhood Profile**