

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

REPORT TO THE COMMISSIONERS

DATE: MAY 22, 2024

**REGARDING: RESOLUTION RECOMMENDING AUTHORIZATION AND APPROVAL
OF A \$270,000 LOAN AND ENTRANCE INTO A LOAN AGREEMENT
FOR THE AMERICAN HOUSE /352 WACOUTA LLC PROJECT, WARD 2,
DISTRICT 17**

Requested Board Action

Recommending authorization to finance a new Community Development Block Grant (CDBG) loan in the amount of \$270,000 and entrance into a Loan Agreement for further rehabilitation of the American House building.

Background

American House is a 69-unit single room occupancy building located in Saint Paul's Lowertown neighborhood that was acquired by Beacon Interfaith Housing Collaborative/352 Wacouta Street, LLC (Beacon Interfaith) in May of 2010 from Amherst H. Wilder Foundation. The property houses single adults who have experienced homelessness, and for many of whom chemical dependency and or/mental illness is an ongoing challenge. The staff working at American House are dedicated to ensuring that this much needed housing resource remains available to very low income persons.

In January of 2022, via Resolution 22-50, the HRA Board approved the extension of three existing City/HRA loans and the addition of a new CDBG loan in the amount of \$750,000. The other funders, including Minnesota Housing, Family Housing Fund and Ramsey County also extended debt to be coterminous with new financing from the City and Minnesota Housing for the purpose of rehabilitation.

The scope of rehabilitation included reconfiguring the ground floor office space to better accommodate on-site supportive service staff and adding a front desk; improvement of the HVAC system, installation of energy-efficient lighting, renovation of the basement community space, flooring replacement, paint and an upgrade to the security system. Some minor exterior work was

included, however, during the course of rehabilitation, it became apparent that the building was in need of significant repointing and some brick replacement due to water damage.

The proposed \$270,000 CDBG loan would cover the cost of the repointing and brick replacement, and ensure that this resource is fully rehabilitated, inside and out, and able to serve its residents.

Budget Action

The current action will require a concurrent City Council administrative order action for the \$270,000 in CDBG funds.

Future Action

No future action is anticipated.

Financing Structure

The \$270,000 CDBG loan will be at 0% interest (which is the same as the other four City/HRA loans), fully deferred for a period of 30 years and will mature in 2052 along with all other financing.

The loan will be subordinate to all existing financing as shown below:

Priority	Source	Principal	Interest	Maturity
1	MHFA Housing Infrastructure Bonds (2022)	\$2,313,000.00	0%	April 2052
2	MHFA PARIF Loan	\$1,669,540.00	0%	April 2052
3	City CDBG Loan (2022)	\$ 750,000.00	0%	April 2052
4	City HOME Loan #1	\$ 250,000.00	0%	April 2052
5	Ramsey County Endowment Fund Loan	\$ 250,000.00	0%	April 2052
6	MHFA HTF Loan #2	\$ 218,506.00	0%	April 2052
7	Family Housing Fund Loan	\$ 200,000.00	0%	April 2052
8	City Loan #2	\$ 162,500.00	0%	April 2052
9	MHFA HTF Loan #2	\$ 130,000.00	0%	April 2052
10	MHFA PARIF Loan (2022)	\$ 100,000.00	0%	April 2052
11	City HOME Loan #3	\$ 50,000.00	0%	April 2052
12	City CDBG Loan (new 2024)	\$ 270,000.00	0%	April 2052

PED Credit Committee Review

On May 2, 2023, the Credit Committee reviewed and approved the terms of the \$270,000 CDBG loan.

Compliance

The project will comply with the following compliance programs/requirements:

1. Affirmative Action/Equal Economic Opportunity
2. Vendor Outreach Program
3. Federal Labor Standards
4. Two Bid Policy
5. HUD Section 3
6. Project Labor Agreement
7. Living Wage

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Development Ordinance.

Environmental Impact Disclosure

The initial Environmental Review was completed and resulted in a Finding of No Significant Impact (FONSI); the FONSI was published in the Saint Paul Pioneer Press on July 18, 2020. An updated Environmental Review, including review by the State Historic Preservation Office, was completed and resulted in a FONSI.

Historic Preservation

As a component of the Environmental Review, the project has been reviewed and approved by the State Historic Preservation Office.

Public Purpose/Comprehensive Plan Conformance:

This project, and the continued support of American House, fulfills a public purpose and is consistent with the 2040 Comprehensive Plan. Policy H-18 in the Housing Chapter of the Comprehensive Plan encourages fostering “the preservation and production of deeply affordable housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness” (p. 132), and Goal 6, Improved access to affordable housing, lists policies that are supportive of the preservation and maintenance of affordable housing (p. 137). See attached Public Purpose form.

Recommendation:

The Executive Director recommends approval of the attached resolution which approves the following actions:

1. Recommend approval of a CDBG loan in the amount of \$270,000 and entrance into a Loan Agreement; and
2. Upon approval by the City Council, authorizing the Executive Director or her designees to finalize all documents for execution by the appropriate HRA Officers in connection with the American House project.

Sponsored by: Commissioner Noecker

Staff: Sarah Zorn, 651-266-6570

Attachments

- **Map**
- **D17 Downtown Neighborhood Profile**