

Park Crossing Apartments

1068 Raymond Avenue

HRA Loan Extension, Assumption
and Subordination to New Owners

September 18, 2024



SAINT PAUL
MINNESOTA

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Background

PROJECT FOR PRIDE IN LIVING

- PPL constructed 1068 Raymond Avenue in 1991 and continues to own and operate the property
- The building has 19 units:
 - 3 one-bedroom
 - 11 two-bedroom
 - 5 three-bedroom
- All units are restricted to 50% AMI
- Recent improvements include replacing roof, siding, windows, and a new security system





Background

- In 1991, HRA loaned the project \$525,000 for the construction of the property
 - 30 years deferred
 - 2% Interest
 - Current balance: \$878,267
 - Source: HRA Loan Enterprise Fund





Background

- In recent years, PPL has operated Park Crossing at a loss and the project has expended all available reserves
- PPL has decided to sell the building to a new ownership group that desires to keep the building affordable
- Neither PPL or the new ownership group would be able to continue to operate the building at 50% AMI and PPL has requested to increase the rents to 60% AMI under the current agreement before the sale to the new ownership group
- The new ownership group requests to assume the existing HRA loan with an extension through September 2029 with rents at 60% AMI



Relocation Plan

- As a part of the loan extension, PPL will relocate existing tenants to PPL owned 50% AMI properties and pay for moving expenses
- On August 23, 2024, all households received a letter for the notice of sale and rental increases with 45 days to make an election
- The tenant election forms are due to PPL on October 7, 2024
- The new owners have agreed to hold rents at current levels for existing households through December 31, 2024
- The HRA will enter into a Relocation Agreement with PPL to codify these terms



Requested Action at Next HRA Meeting

- Approval of the extension of loan terms through September 2029 and increasing the rents from 50% to 60% AMI
- Approval of a declaration of covenant that will continue to keep the building affordable to tenants at or below 60% AMI from October 2024 through September 2029
- Approval of the Assumed Mortgage, Note and Loan agreement and subordination to the First Priority Loan of the new owners



Questions?