

Attachment B – Background

Real Estate Equities Management, LLC (REE) worked closely with HRA from 2001 through 2005 to acquire ownership of the area bounded by Maryland, Hazelwood, Magnolia and Barclay (known as Ames Lake Neighborhood, in Ward 6, District 2). and comprehensively rehabilitate the separately owned properties into the four apartment phases that now make up the Ames Lake Neighborhood: Rose Hill Apartments, Barclay Terrace Apartments, Ames Green Apartments and Hazelwood Terrace Apartments.

In the first phase, the Phalen I acquired and rehabilitated several multi-family apartment buildings into a 77 unit apartment complex known as Rose Hill Apartments.

In the second Phase, Phalen Village Rental Housing II Limited partnership acquired and rehabilitated several multi-family apartment buildings into a 77 unit apartment complex known as Barclay Terrace Apartments.

In the third phase, Phalen Village Rental Housing III Limited partnership acquired and rehabilitated and converted several multi-family apartment buildings into 55 housing units, including 11 new construction townhomes, to be known as Ames Green.

In the fourth phase, Phalen Village Rental Housing IV rehabilitated and converted nine 12-unit multi-family apartment buildings it owns into a 99-unit apartment complex known as Hazelwood Terrace Apartments.

The four projects have been held under common ownership with a single property manager, Real Estate Equities Management, LLC, thereby achieving a key strategic goal. Financing for the project included HRA loans, Minnesota Housing loans, a City of Saint Paul STAR Loan, Family Housing Fund loans, and low-income housing tax credits. Financing from all sources exceeded \$25,000,000.

Each of the four Ames Lake Neighborhood projects is subject to a Declaration of Land Use Restrictive Covenants which limits the sale of each phase to a single property unit. Each of the LURAs provides that the Section 42 and affordable rental restrictions shall apply for a period of 30 years from project completion.

In the fifth phase of the development, REE would like to acquire, rehabilitate, and manage the four building north of Rose Street, for a total of 48 units to be added into the City of Saint Paul affordable housing rental stock.