

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

REPORT TO THE COMMISSIONERS

DATE: April 13, 2016

**REGARDING: APPROVAL OF THE EXTENSION OF THE MATURITY DATE FOR
TWO AMERICAN HOUSE/352 WACOUTA LLC, HOME LOANS
District 17, WARD 2**

Requested Board Action

Requesting approval of maturity extensions for two existing HOME loans to align with a third HOME loan for the American House Project.

Background

American House is a 70-unit single room occupancy project located at 352 Wacouta in the Lowertown neighborhood that was initially developed by Amherst H. Wilder Foundation (Wilder) in 1997 and then was acquired by Beacon Interfaith Housing Collaborative in May 2010. The project is home to 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 is dedicated to ensuring that this much needed housing resource remains available to the very low income residents and is requesting an extension on two existing HOME loans to align with the a third HOME loan maturity date of 2032.

The first HOME Agreement dated December 22, 1997 with Wilder in the original amount of \$325,000 provided for a \$16,250 annual reduction over 10 year period as long as the property remained affordable to very low income adult persons whose income does not exceed 30% of Area Median Income (AMI). On March 24, 2010, the HRA approved the extension of the maturity date for this loan until December 22, 2017 with 0% interest and the condition that the project remains affordable. On May 13, 2010 the Note was assumed by 352 Wacouta, LLC with a remaining balance of \$162,500.

The second HOME Promissory Note dated April 21, 2000 with Wilder in the original amount of \$100,000 provided for a \$5,000 annual reduction over a 10 year period provided the property

remained affordable at 30% of AMI. On March 24, 2010, the HRA approved the extension of the maturity date for this loan until December 22, 2017 with 0% interest and the condition that the project remains affordable. On May 13, 2010 the note was assumed by 352 Wacouta, LLC with a balance of \$50,000.

A third HOME loan is not part of the current request. The amount of \$250,000 was awarded to Wilder in 2002 and assumed by 352 Wacouta, LLC in 2010. The balance is unchanged at \$250,000 with a Declaration of Covenants, Conditions and Restrictions attached to it. This loan is due on the earlier of November 7, 2032, or if the project ceases to serve very low income persons.

Budget Action

None

Future Action

None

Financing Structure

The project is an affordable housing apartment complex that contains 70 single room occupancy units. Beacon Interfaith Housing Collaborative is the sole owner through 352 Wacouta LLC. The project does not have the ability to pay debt service.

The property currently utilizes several resources available to help maintain ongoing property stability. These resources include an Operating Subsidy Grant from MHFA and a contract for Group Residential Housing (Ramsey County).

Existing deferred debt consists of the following:

1st Priority	MHFA PARIF loan (Deferred, 0% interest, due in May 2040)	\$1,669,540
1st Priority	City Existing First HOME Loan (Deferred, 0% interest, due in November 2032)	\$250,000
3rd Priority	Ramsey County Endowment Fund Existing Loan Deferred, 0% interest, due in November 2032	\$250,000
4th Priority	MHFA Existing First HTF Loan (Deferred, 0% interest, due in June 2033)	\$218,506
5th Priority	FHF Existing Loan (Deferred, 0% interest, due in November 2032)	\$200,000
6th Priority	City Existing Second HOME Loan (Deferred, 0% interest, due in November 2017)	\$162,500
7th Priority	MHFA Existing Second HTF Loan (Deferred, 0% interest, due in June 2033)	\$130,000
8th Priority	City Existing Third HOME Loan (Deferred, 0% interest, due in November 2017)	\$50,000

PED Credit Committee Review

On March 7, 2016, the PED Credit Committee reviewed the proposed terms of the request for the American House project, and recommended approval of the extension of the maturity date for 15 years to November 7, 2032 of the \$162,500 and \$50,000 HOME loans. The proposed term for the two loans is to match the maturity date of the third HOME loan of \$250,000.

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

This project meets the public purpose objectives of preserving high density, affordable rental housing with access to transit, and conforms to the following plans:

Land Use Chapter of the Comprehensive Plan (2010),

Strategy 3: Ensure the Availability of Affordable Housing Across the City.

3.1 Support the preservation of publicly-assisted and private affordable housing.

Recommendation:

The Executive Director recommends adoption of the attached Resolution, approving the extension for 15 years until November 7, 2032 on the \$162,500 and \$50,000 HOME loans for American House/352 Wacouta LLC, per the terms and conditions set forth herein and related documents to be executed.

Sponsored by: Rebecca Noecker

Staff: Jules Atangana 6-6552

Attachments

- **Attachment B – Map**