

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

**REPORT TO THE COMMISSIONERS**

**DATE: FEBRUARY 22, 2017**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING AN AMENDMENT TO  
THE ACQUISITION LOAN MADE TO JAMESTOWN HOMES, LLLP,  
DISTRICT 8, WARD 1.**

## **Requested Board Action**

Approval of an amendment to an existing acquisition loan for the purpose of increasing the loan amount, for the Jamestown Homes project.

## **Background**

Jamestown Homes is an existing four-building, 73-unit, project-based Section 8, affordable housing rental complex. Jamestown Homes, LLLP (the “Partnership”), a partnership formed by Twin Cities Housing Development Corporation, purchased the property on July 1, 2014. Using CDBG funds, the HRA assisted the acquisition with a \$1,000,000 loan. The Partnership began rehabilitating the first building in 2016. The rehabilitation plans included updates to the HVAC and mechanical systems, a new roof, window and siding replacement, addressing deferred maintenance items, fire code issues, asbestos abatement and cabinet/appliance replacement. Exterior improvements included retaining wall replacement, site grading, storm water management plan implementation, parking lot enhancements, and ensuring connections within the site and to the Dale Street Station.

The Partnership is well into the rehabilitation of the first building and has discovered unforeseen structural and electrical circumstances. The conditions include inadequate support at bearing walls, inferior footings at the two pedestrian bridges that will now require the use of helical piers, and rusted and broken electrical conduit. Similar conditions in the remaining three building is anticipated. The remaining contingency is not sufficient to cover these circumstances in all four buildings. The Partnership has requested \$350,000 in additional funding in order to correct these issues.

**Budget Action**

No budget action is required. If all the resolutions are passed today allocating CDBG dollars (Jamestown, Business Incubator, and Weyerhauser) we will have \$562,890 CDBG funds remaining uncommitted. This amount reflects the addition of \$1,200,000 of program income approved on February 15, 2017 in CC RES PH #17-44.

**Future Action**

No future Board action is required.

**Financing Structure**

The existing \$1,000,000 loan has a 1% interest rate with interest and principal payments deferred until December 31, 2058. The amendment would increase this loan by \$350,000. All other terms will remain the same.

**PED Credit Committee Review**

The Credit Committee reviewed the proposed loan revision at their February 6, 2017 meeting and recommended approval.

**Compliance**

The following compliance requirements apply to the project: Vendor Outreach, Affirmative Action, Section 3, Labor Standards, Project Labor Agreement, and Two-Bid Policy.

**Green/Sustainable Development**

The project will be in compliance with the Saint Paul Sustainable Building Policy.

**Environmental Impact Disclosure**

The CDBG-required environmental review has been completed and approved.

**Historic Preservation**

The required reviews have been completed.

## **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.

b. Support the application of LIHTC, historic tax credits and other appropriate funding sources to maintain existing low-income units. The City/HRA should work with Minnesota Housing, community development corporations, and property owners to continue the provision of low-income housing units in these developments and to use LIHTC on the rehabilitation of existing affordable units.

The completed project will be a highly-visible gateway development to the Dale Street Station from the south, the existence of which is supported by the Dale Street Station Area Plan. Further, housing goals supported by the Summit-University neighborhood include the provision of a housing mix that provides lifelong options for residents and to maintain the diversity of neighborhood residents.

## **Recommendation:**

The Executive Director recommends approval of the amendment to increase the loan to the Partnership by \$350,000, for a total loan amount of \$1,350,000.

**Sponsored by:** Commissioner Dai Thao

**Staff:** Sarah Zorn, 651-266-6570

## **Attachments**

- **Attachment – Map**
- **Attachment – District 8 Profile**