

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 14, 2017

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING \$285,000 IN HOME FUNDS
TO PROJECT FOR PRIDE IN LIVING/AIN DAH YUNG CENTER FOR THE
DEVELOPMENT OF 771-785 UNIVERSITY AVENUE, DISTRICT 7, WARD 1**

Requested Board Action

Approval of the attached resolution authorizing the following:

1. Approve a HOME loan up to \$285,000 to Project in Pride in Living/Ain Dah Yung Center (PPL/ADYC) to assist in the construction of the development located at 771-785 University Avenue.
2. Authorize the Executive Director to negotiate the terms and execute all required documents.

Background

The Project in Pride in Living (PPL) is a nonprofit housing developer that specializes in affordable housing rehabilitation and new construction. PPL has completed many housing developments with the City of Saint Paul. Ain Dah Yung Center (ADYC) is a nonprofit service provider that focuses on Native Americans. ADYC has numerous servicing contracts with Ramsey County to assist at risk youths. Ramsey County is very happy with the service that they provide.

On April 2017, PPL/ADYC entered into a purchase agreement with Model Cities for the Property. The purchase price is the appraised value (\$695,000) of the Property.

The PPL/ADYC will acquire the property and construct a new apartment building on the Property. The Project will consist of 42 affordable studio units for homeless youth with an emphasis on Native Americans. The first floor of the building will consist of office space for the supportive service staff, kitchen, community room and a computer lab. The second, third and fourth floor will have 42 studio apartments to serve residents under 30% AMI.

The Property is currently zoned T-2 (Traditional Neighborhood). The proposed development is allowed under this zoning district. The attached map indicates the location of the Property, and the District Profile attachment indicates the demographic profile of District 7, the Saint Paul Planning District in which the Project is located. No businesses will be displaced, and no land acquisition took place as a result of eminent domain.

Budget Action

A budget amendment is proposed that will authorize up to \$285,000 in HOME Funds for the PPL/ADYC project. If this resolution is adopted, the balance in HOME funds will be \$403,965. This balance does not include our 2017 award since we have not yet received formal HUD notification.

Future Action

No further action required

Financing Structure

The Developer has proposed the following permanent sources and uses to complete the construction project. They are seeking approval of \$285,000 in HOME Funds. This will be a 1% deferred loan with a term of 30 years. They have also requested that the City Council approve an Assignment and Assumption Agreement for the outstanding Metropolitan Council LDC-TOD loan in the amount of \$424,008.25.

<u>Sources</u>		<u>Uses</u>	
LIHTC Equity	\$9,006,419	Acquisition & Assumption	\$ 795,000
MHFA	\$ 250,000	Hard Construction	\$7,933,508
Met Council	\$ 350,000	Environmental Abatement	\$ 102,500
Federal Home Loan Bank	\$ 500,000	Capital Reserves	\$ 733,361
City's Met Council Loan (assumed)	\$ 424,008	Developer's Fee (8%)	\$ 925,000
HRA Rental Rehab/HOME	\$ 285,000	Financing Fees	\$ 92,000
General Partners Contribution	\$ 450,000	Syndicator Fees	\$ 55,000
Sale Tax Rebate	\$ 220,000	Professional Fees	<u>\$ 863,850</u>

Energy rebates	<u>\$ 14,792</u>		
Total	\$11,500,219	Total	\$11,500,219

PED Credit Committee Review

On May 31, 2017, the PED Credit Committee approved the terms for the HRA deferred loan financing of the project. The Risk Rating is Originated Loss.

Compliance

The Applicant has signed the 1st compliance letters regarding this project. The project will comply with the following programs and/or requirements: Vendor Outreach Program, Affirmative Action, Federal Labor Standards, Section 3, Two Bid Policy, Project Labor Agreement, Sustainable Green Policy, Limited English Proficiency, Business Subsidy and Living Wage policies.

Green/Sustainable Development

The Project will comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

An Environmental Review will need to be completed.

Historic Preservation

HPC Staff will not need to review this project. A HUD 106 Review will be required.

Public Purpose

The new construction of 42 affordable housing opportunities for persons with incomes at or below 30% AMI to include on-site services.

The proposed ADYC development is consistent with the Comprehensive Plan which calls for directing new higher density development to the Central Corridor to achieve targeted growth. The focus on targeting homeless Native American youth for the new development is consistent

with strategy H - 3.4 of the comprehensive plan which calls for assisting in the preservation and production of homeless and supportive housing.

This project is also consistent with strategies District 7 Neighborhood plan. Strategy L5 calls for intensifying development on major transportation corridors in order to bring in more jobs and housing units. Strategy H3 calls for encouraging the development of affordable housing units via new construction and infill.

In the Victoria Street Station area plan, the market forecast identifies affordable housing as most likely needed in the station area in the early years as a transition to a balance of market rate and affordable housing is achieved as ridership increases.

Recommendation:

The Executive Director recommends adoption of the attached Resolution authorizing up to \$285,000 HOME loan to construct the PPL/ADYC project.

Sponsored by:

Commissioner Thao

Staff:

Daniel Bayers 651-266-6685

Attachments

- **Attachment – Map**
- **Attachment - Project Summary**
- **Attachment - Sources and Uses**
- **Attachment - Public Purpose**
- **Attachment - District 7 Profile**