

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

REPORT TO THE COMMISSIONERS

DATE: JULY 25, 2018

**REGARDING: AUTHORIZATION TO WAIVE THE UNIT RESTRICTION FOR THE
ALLOCATION OF THE RENTAL REHABILITATION LOAN PROGRAM
FUNDS FOR THE PROPERTY LOCATED AT 1108 WESTERN AVENUE
N, WARD 5, DISTRICT 6**

Requested Board Action

Authorization to waive the unit restriction for the property located at 1108 Western Avenue in order to be eligible to be considered for a Rental Rehabilitation Program loan.

Background

An update of the status of the Rental Rehab Loan Program (Program) is attached. Recently, staff has received an increase in calls requesting information on the Program. Specifically, the owner of 1108 Western Avenue has submitted an application for a roof replacement. The property is a 9-unit rental apartment building with 1 studio, 2 one-bedroom, and 6 two-bedroom units. Four of the nine units are rented to Section 8 voucher recipients. The property is located in an ACP50 area and is a category D property.

The owner has successfully completed improvements on one property with Rental Rehab Loan Program funding and another application is being processed.

Staff will return in the late fall with an update on the status of the Program and remaining fund balance and possible recommendations to Program Guidelines. One consideration is to increase the allowable number of units per building (presently 4 unit maximum) with a corresponding increase in loan amount.

Financing Structure

The applicant will use the funds to replace the roof. The cost of replacement is estimated to be \$38,990. The Program will provide up to \$30,000 and the difference will be funded by the owner. The Program requirements are as follows:

- The Loan principal will be paid quarterly over 10 years with 0% interest
- Rents of the assisted units must not increase by more than 3% of the previous rent charged each year while remaining at or below the Fair Market Rents (FMR) for the entirety of the (minimum 10 year) period of affordability.

Public Purpose/Comprehensive Plan Conformance

The program meets objectives of the Housing Plan, adopted as part of the City's Comprehensive Plan, Section 6.0, Strategy 3: Ensure Availability of Affordable Housing.

Recommendation:

Staff recommends approval of a waiver of the unit restriction for the property located at 1108 Western Avenue in order to be eligible to receive funding from the Rental Rehabilitation Loan Program.

Sponsored by: Amy Brendmoen

Staff: Jules Atangana (651-266-6552)

Attachments

- **Background and update**
- **Map**
- **District 6 Profile**