

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

REPORT TO THE COMMISSIONERS

DATE: MAY 22, 2019

**REGARDING: RESOLUTION APPROVING THE ISSUANCE BY THE CITY OF
BROOKLYN CENTER OF CONDUIT MULTIFAMILY HOUSING
REVENUE BONDS ON BEHALF OF REAL ESTATE EQUITIES, INC.
USING, IN PART, RECYCLED BONDING AUTHORITY FROM THE
PIONEER PRESS BUILDING PROJECT, 345 CEDAR STREET,
DISTRICT 17, WARD 2.**

Requested Board Action

The purpose of this report is to request the Housing and Redevelopment Authority (HRA) Board of Commissioners to approve a resolution authorizing and approving the issuance of conduit revenue bonds using, in part, recycled bonding authority from the repayment of bonds from the Pioneer Press building for an 127-unit affordable housing project located in the City of Brooklyn Center, Minnesota (the “Issuer”) through the execution of a Joint Powers Agreement.

Background

The Pioneer Press building (the “Project”) is located at 345 Cedar Street. Real Estate Equities (REE), an affordable housing developer, purchased the building and converted it into 143 units of affordable rental housing. On June 14, 2017, the HRA approved Resolution No.17-929 for the issuance of up to \$24,000,000 in conduit tax exempt housing revenue bonds to help finance the Project. The law permits the reuse of bonding authority for affordable housing projects and treats the reuse as a refunding for tax purposes in certain limited circumstances related to timing of when the bonds were issued, when they can be refunded, and when the bonds mature. The refunded bonds do not get new 4% Low Income Housing Tax Credits. The Pioneer Press project was completed earlier this year and is nearly 100% occupied; REE has or will repay a portion of the bonds issued by the HRA for the Project.

REE would like to reuse bonding authority from the Project to finance two projects, this project in the City of Brooklyn Center and a second 168-unit project in the City of Coon Rapids, which is proposed in a separate resolution. Staff is evaluating the reuse of this bond authority for other projects within Saint Paul and will prioritize this use. However, the amount of recycled authority

will exceed the potential use for Saint Paul projects, and the exact amount to be used will be determined by HRA staff prior to the execution of the Joint Powers Agreement. The proposed resolutions do not bind the HRA to recycle a specific dollar amount for either of the two projects to be developed by REE.

Developer Experience

Real Estate Equities has extensive multi-family housing experience. Founded in 1972, they have been the developer and managing partner in more than 70 projects in excess of 10,000 housing units with projects in Minnesota, Wisconsin, Ohio, Missouri, South Dakota, and Indiana. Currently their portfolio consists of approximately 3,888 housing units that range from artist lofts, luxury apartments, traditional apartments, affordable apartments, as well as senior apartments. In Saint Paul, a couple of projects that they both own and manage include The Parkside market rate apartments in Lowertown, the Ames Lake Neighborhood family affordable units, and Humboldt affordable senior apartments.

Budget Action

None

Future Action

None

Financing Structure

This is a conduit bond issue. The bonds, to be issued by the City of Brooklyn Center, shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA, City of Saint Paul, or any political subdivision of the State of Minnesota, and shall not constitute indebtedness of any of the foregoing within the meaning of any constitutional, statutory, or charter provision, nor be a charge against their respective general assets, credit or taxing powers, and do not grant the owners or holders of the bonds any right to have the HRA, City of Saint Paul or any political subdivision of the State of Minnesota to levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon.

Principal and interest on the bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

N/A

Statement of Chairman (for Public Hearing)

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of approving the City of Brooklyn Center to issue up to \$19,000,000 in conduit housing revenue bonds, using, in part, recycled bonding authority from the repayment of bonds from the Pioneer Press building. Notice of time, place, and purpose of this hearing was published in the Pioneer Press, a newspaper of general circulation in the City on the 4th of May 2019. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

The Executive Director recommends and requests the HRA Board of Commissioners consider adoption of a resolution which authorizes and approves the issuance of conduit revenue bonds using, in part, recycled bonding authority from the repayment of bonds from the Pioneer Press building for an 127-unit affordable housing project located in the City of Brooklyn Center and approval of a joint powers agreement.

Sponsored by: Commissioner Rebecca Noecker

Staff: Diane Nordquist, 651-266-6640