

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 23, 2019

**REGARDING: APPROVAL AND AUTHORIZATION TO EXECUTE A SECOND
AMENDED AND RESTATED COMPLIANCE AGREEMENT, CERTAIN
TIF NOTE ASSIGNMENTS AND RELATED DOCUMENTS FOR THE
NORTH QUADRANT TIF DISTRICT, DISTRICT 17, WARD 2.**

Requested Board Action

Approval to execute a Second Amended and Restated Compliance Agreement, documents required for the assignment of TIF Notes and related documents for the North Quadrant TIF District.

Background

The Housing and Redevelopment Authority of the City of Saint Paul (“HRA”) entered into a Compliance Agreement on September 27, 2001 outlining affordability requirements and reporting associated with the Tax Increment Financing (TIF). The Compliance Agreement is with four development entities representing existing and planned housing projects (collectively the “Projects”) in downtown’s North Quadrant. Parties to the Compliance Agreement (“Agreement”) included: Northeast Quadrant, LLC, Dakota on the Park, LLC, Sibley Park Limited Partnership, and Sibley Court Limited Partnership (“Developer(s)”, all entities formed by, or affiliated with, Sherman Associates). The Projects are located within the North Quadrant Tax Increment Financing District (“TIF District”), which was created pursuant to a special law, which established the North Quadrant TIF Act (“TIF Act”). The TIF Act set affordability requirements applicable to the Projects collectively, and include ownership and rental units.

On December 11, 2003, the HRA and Developers entered into an Amended and Restated Compliance Agreement (“Amended Agreement”). The purpose of the Amended Agreement was to add two additional Projects to the TIF District, 9th Street Lofts, LLC and Lyons Court Limited Partnership (“Additional Projects”), also owned by the Developer. The Projects and Additional

Projects collectively, continued to be subject to the affordability requirements in the Agreement and restated in the Amended Agreement.

In early 2019, two of the Projects were offered up for sale: Sibley Park and Sibley Court. The purchasing party, Orbach Affordable Housing Services (“OAHS”), has arranged to purchase the Developer’s interests (Sibley Park Limited Partnership and Sibley Court Limited Partnership) rather than the real estate. Upon sale, OAHS will also be subject to the affordability requirements stated in the Amended Agreement. The Developer will retain ownership of the Lyons Court project. The Northeast Quadrant, Dakota and 9th Street Lofts projects were sold for homeownership. Due to the change in ownership entities, it is beneficial to all parties to clarify and restate the Amended Agreement.

In addition to the transfer of interests to OAHS, Sibley Park and Sibley Court have requested that the HRA consent to the assignment of certain pay as you go tax increment revenue notes issued in connection with the development of Sibley Park Apartments and Sibley Court Apartments to a new entity to be formed by Sherman Associates. It is in the best interest of all parties for an entity formed by or affiliated with Sherman Associates to accept the assignment of the TIF note. Upon approval, staff will proceed to execute the necessary documents to complete the transaction.

Budget Action

No budget action is required.

Future Action

Upon approval, the Executive Director of the HRA and staff will take actions necessary to execute the Amended Agreement.

Financing Structure

Not applicable

PED Credit Committee Review

Credit Committee approval is not a requirement of this action.

Compliance

Compliance does not apply to this action.

Green/Sustainable Development

Not Applicable

Environmental Impact Disclosure

Not applicable

Historic Preservation

Not applicable

Public Purpose/Comprehensive Plan Conformance:

The adopted 2030 Comprehensive Plan states that “Preserving existing affordable housing is one of the top three funding priorities of [the] plan.” Principle 3.1 supports the preservation of publicly-assisted and private affordable housing. OAHS has requested that the Saint Paul Public Housing Agency approve a transfer of the existing Housing Assistance Program contract, which will assist in the preservation of units for low and extremely low income households.

Recommendation:

The Executive Director recommends approval of the entrance into a Second Amended and Restated Compliance Agreement and the assignment of TIF notes to Sherman Associates.

Sponsored by: Commissioner Noecker

Staff: Sarah Zorn, 651-266-6570

Attachments

- **Map**
- **District 17 Profile**