



## Legislation Text

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**File #:** RES 23-1894, **Version:** 1

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Resolution recommending issuance of a HOME loan in the amount of \$2,600,000; recommending issuance of an SLFRF loan in the amount of \$2,547,408; recommending issuance of a sub-loan in the amount of \$600,000 from a Metropolitan Council LCDA TOD Grant; and recommending execution of a development, subrecipient and loan agreement and a sub-loan agreement, all for the Marshall Avenue Flats Project located at 1606 Marshall Ave; District 13, Ward 4

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“HRA”) is a public body corporate and politic organized, existing, and operating under the laws of the State of Minnesota, Minn. Stat. Sec. 469.001, et seq. (the “Act”); and

WHEREAS, the HRA has the power to engage in development and redevelopment activities under the Act, and is authorized to create redevelopment projects as defined in the Act, and said activities include but are not limited to: (a) providing adequate, safe and sanitary dwellings, remedying housing shortages for low and moderate income residents, and providing housing for persons of all incomes through housing projects and development, (b) removing and preventing blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) performing duties according to the comprehensive plan, (e) disposing of land for private redevelopment, and (f) improving the tax base and the financial stability of the community; and

WHEREAS, a proposal was submitted as part of the City’s 30% AMI Deeply Affordable Housing Program - March/April 2022 for Marshall Flats, LLLP, a Minnesota limited partnership or another entity that is affiliated with and controlled by Marshall Flats, LLLP (“Developer”) to construct on property located at 1606 (formerly 1619) Marshall Ave, St. Paul, MN (“Property”) a 6-story multifamily building with 98 affordable residential dwelling units and related facilities (“Project”) with the Developer to maintain 40 years of affordability as follows: 10 units at 30% AMI, 24 units at 50% AMI, and 64 units at 60% AMI (“Affordability Terms”); and

WHEREAS, the HRA has reviewed the proposal and determined the Project is in the best interest of the residents of the City and will benefit the health, safety, morals and welfare of the residents of the City; and

WHEREAS, the HRA recommends issuance of a deferred loan, from the City’s Home Investment Partnership Program funds (“HOME”), with a term of 40 years and an interest rate of 1% in the amount of \$2,600,000 for the Project (“HOME Loan”); and

WHEREAS, the City’s HOME funds are to be used to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, for very low-income and low-income families pursuant to 24 C.F.R. § 92.1; and

WHEREAS, the HRA has found that: (1) the Project is an eligible use of HOME funds for housing pursuant to 42 U.S.C. § 12742(a)(1) and 24 C.F.R. § 92.205(a) because it includes incentives to develop and support affordable rental housing and homeownership affordability through the acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing; (2) the Project will meet the income determinations set forth in 24 C.F.R. § 92.203; (3) the Project includes eligible costs pursuant to 24 C.F.R. § 92.206 because the Project includes some or all of the following costs: development hard costs, refinancing costs, acquisition costs, related soft costs, community housing development organization costs, relocation costs, and costs relating to payment of loans; (4) either the Project consists of the rehabilitation of substandard housing or the Project is not rehabilitation because rehabilitation of substandard housing is not

the most cost-effective way to meet the need to expand the supply of affordable housing and housing needs cannot be met through rehabilitation of the available stock pursuant to 42 U.S.C. § 12742 (a)(2); (5) the Project meets the cost limit per unit established by 42 U.S.C. § 12742 and 24 C.F.R. § 92.250; and (6) due to the Project's proposed limits on and time periods of affordability the Project will qualify as affordable housing for rental housing under 42 U.S.C. § 12745 (a) and 24 C.F.R. § 92.252 or for homeownership under 42 U.S.C. § 12745 (b) and 24 C.F.R. § 92.254; and

WHEREAS, the HRA recommends issuance of a deferred loan, from the City's American Rescue Plan Act of 2021 - State and Local Fiscal Recovery Fund a portion of which the City allocated to its 30% AMI Deeply Affordable Housing account ("SLFRF"), with a term of 40 years and an interest rate of 0% in the amount of \$2,547,408 for the Project ("SLFRF Loan"); and

WHEREAS, the City's SLFRF funds are to be used "to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts" 42 U.S.C. §§ 802(c)(1) and 803 (c)(1) and pursuant to 31 C.F.R. § 35.6 the SLFRF are to be used on eligible expenses which benefit populations that have been impacted by the public health emergency or its negative economic impacts; and

WHEREAS, the HRA has found that: (1) the population impacted by the Project constitute low- and moderate-income households as defined in 31 C.F.R. § 35.3 and are therefore preemptively impacted by the public health emergency or its negative economic impacts pursuant to 31 C.F.R. § 35.6(b)(2); (2) the Project is proportionate in response to the public health emergency or its negative economic impacts on the impacted population as required by 31 C.F.R. § 35.6(b)(3); (3) the Project will improve access to stable, affordable housing for the impacted population and that the Project is a cost-effective and proportional response to the impacted population's needs; and (4) the use of SLFRF proposed by the Project are eligible as specifically identified in 31 C.F.R. 35.6(b)(3)(ii)(A)(5) which identifies as an eligible expense: "Development, repair, and operation of affordable housing and services or programs to increase long-term housing security"; and

WHEREAS, the City has received from the Metropolitan Council a Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) Grant ("LCDA Grant") in the sum of \$600,000 to be passed on to the Developer for the Project; and

WHEREAS, the HRA recommends passing the LCDA Grant on to the Developer through issuance of a sub-loan with a term of 40 years and an interest rate of 0% in the amount of \$600,000 for the Project ("LCDA Loan"); and

WHEREAS, the HRA recommends execution of a development, subrecipient and loan agreement between City and Developer setting forth the terms of the HOME Loan and SLFRF Loan including the Affordability Terms and recommends execution of a sub-loan agreement between City and Developer setting forth the terms of the LCDA Loan; now, therefore, be it

RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota as follows:

1. The Recitals are incorporated herein as if fully set forth.
2. The HRA recommends issuance of the HOME Loan, SLFRF Loan and LCDA Loan to Developer for the Project as set forth in the Recitals and the Board Report.
3. The HRA recommends execution a development, subrecipient and loan agreement between City and Developer setting forth the terms of the HOME Loan and SLFRF Loan including the Affordability Terms and recommends execution of a sub-loan agreement between City and Developer setting forth the terms of the LCDA Loan.

4. The HRA hereby approves and authorizes staff, under the direction of the Executive Director, to take all actions necessary to carry out the activities authorized by this Resolution, including finalizing all documents and agreements necessary to effectuate the activities to be undertaken by this Resolution, subject to approval by the City Attorney's Office.

5. This Resolution does not constitute a binding legal agreement; rather, the action taken herein shall not be effective until said documents are executed by the appropriate official(s) of the HRA.