



Legislation Text

File #: RES PH 19-17, **Version:** 1

Giving host approval to the issuance of conduit Multifamily Housing Revenue Bonds by the City of Coon Rapids on behalf of CommonBond Communities for the Community Plaza Project at 709 Central Avenue (District 8, Ward 1). (Public hearing continued from January 16)

RECITALS

(a) Minnesota Statutes, Chapter 462C (the “Act”) confers upon cities the power to issue revenue bonds to finance or refinance a program for the purposes of planning, administering, making or purchasing loans with respect to one or more multifamily housing developments within the boundaries of the city or under a joint powers agreement with the jurisdiction in which the development is located and pursuant to Minnesota Statutes, Section 471.59, as amended. By the terms of a joint powers agreement entered into through action of their governing bodies, two cities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised; and

(b) CommonBond Communities, a Minnesota nonprofit corporation (or one or more affiliated entities to be created, collectively, the “Borrower”), desires to finance (i) the acquisition, renovation, construction, and equipping of an approximately 36 unit rental housing facility and related amenities located at 11184 Hanson Boulevard NW in the City of Coon Rapids, Minnesota (“Coon Rapids”) known as the Galway Place Townhomes (the “Galway Townhomes”); and (ii) the acquisition, renovation, construction, and equipping of an approximately 40 unit rental housing facility and related amenities located at 709 Central Ave in the City of Saint Paul, Minnesota (“Saint Paul”) known as the Community Plaza (the “Community Plaza” and, together with the Galway Townhomes, the “Project”); and

(c) The Borrower will be the owner and operator of the Project; and

(d) In order to better leverage public funding by creating project cost efficiencies, the Borrower has proposed that Coon Rapids undertake a housing finance program (the “Housing Program”) to finance Galway Townhomes and Community Plaza as a single project pursuant to the Act through the issuance by Coon Rapids of housing revenue bonds in one or more series in an estimated principal amount not to exceed \$11,500,000 (the “Bonds”); and

(e) The Bonds will be payable solely from revenues of the Borrower, and will not be a general or moral obligation of Saint Paul, or any other political subdivision of the State of Minnesota, but will be payable solely from revenues of the Borrower, to the extent and in the manner provided in the documents executed in connection with the issuance of the Bonds; and

(f) Pursuant to a resolution adopted June 5, 2018 Coon Rapids has given preliminary approval to, and has indicated that it is willing to issue, the Bonds to finance the Project; and

(g) Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”) requires that an applicable elected representative of each governmental unit in which facilities to be financed by the Bonds are located must approve the issuance of the Bonds following a public hearing; and

(h) Pursuant to the Act, Minnesota Statutes, Sections 471.59 and 471.656, as amended, and

Section 147(f) of the Code, a public hearing on the Housing Program, the Project and the proposed issuance of the Bonds by Coon Rapids was held on this date following duly published notice, at which time all persons who desired to speak were heard; and

(i) The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") has been designated, by ordinance, to exercise, on behalf of Saint Paul the powers conferred by Minnesota Statutes, Section 462C.01 to 462C.081; and

(j) Prior to the issuance of the Bonds, pursuant to Minnesota Statutes, Sections 471.59 and 471.656 the HRA will consider authorizing the execution of a cooperative joint powers agreement between Coon Rapids and the HRA, on behalf of Saint Paul (the "Cooperative Agreement").

(k) The Borrower's proposal calls for Coon Rapids to loan the proceeds realized upon the issuance and delivery of the Bonds to the Borrower pursuant to a loan agreement wherein the Borrower will be obligated to pay all costs and expenses of the HRA and Saint Paul incident to the issuance of the Bonds; and

(l) Saint Paul desires to facilitate the preservation and rehabilitation of affordable multifamily housing facilities within Saint Paul; and the Project will assist Saint Paul in achieving these objectives; and

(m) No public official of the Saint Paul or the HRA has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Saint Paul, Minnesota (the "Council"), as follows:

1. On the basis of information available to the Council it appears, and the Council hereby finds, that Community Plaza constitutes a multifamily housing development within the meaning of subdivision 5 of Section 462C.02 of the Act; that the availability of the financing under the Act and the willingness of Coon Rapids to furnish such financing with the consent of Saint Paul will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to provide multifamily rental housing opportunities to residents of Saint Paul, and to promote rehabilitation and preservation of housing facilities within Saint Paul.

2. Subject to approval by the HRA of the Cooperative Agreement, payment of the applicable fees charged by the HRA, and the availability of an allocation of tax exempt bonding authority for the Bonds, the Council hereby approves the Project and the Housing Program to finance the Project by the issuance of the Bonds and the Council hereby consents to and approves the issuance of the Bonds by Coon Rapids to finance the Project.

3. Under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. An application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A, as amended (the "Allocation Act") and preliminary approval of the issuance of the Bonds by the Council and by Coon Rapids is sufficient to authorize the submission of an application to the State of Minnesota for an allocation of bonding authority with respect to the Bonds to finance the Project. The Council hereby authorizes the submission of an application to Minnesota Management & Budget for allocation of bonding authority for the Project pursuant to Section 146 of the Code and the Allocation Act in accordance with the requirements of the Allocation Act.

4. Pursuant to Chapter 72, Saint Paul, Minnesota Administrative Code, the Council hereby authorizes and directs the HRA to execute the Cooperative Agreement on behalf of Saint Paul, upon approval thereof by the Board of Commissioners of the HRA, and to implement the Housing Program and to take all actions necessary or desirable in connection therewith, and no further approval or authorization of the Council

shall be required.

5. The Borrower has agreed and it is hereby determined that any and all costs incurred by Saint Paul or the HRA in connection with the financing of the Project will be paid by the Borrower, whether or not the Project is carried to completion and whether or not Coon Rapids issues the Bonds.

6. Kennedy & Graven, Chartered, acting as bond counsel, is authorized to assist in the preparation and review of necessary documents relating to the Project and the financing program therefor.

7. Nothing in this Resolution or the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Project. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of Saint Paul or the HRA, nor shall Saint Paul or the HRA be subject to any liability thereon. The holders of the Bonds shall never have the right to compel any exercise of the taxing power of Saint Paul or the HRA to pay the outstanding principal on the Bonds or the interest thereon, or to enforce payment thereon against any property of Saint Paul or the HRA. The Bonds shall recite in substance that the Bonds, including the interest thereon, are payable solely from the revenue and proceeds pledged to the payment hereof. The Bonds shall not constitute a debt of Saint Paul or HRA within the meaning of any constitutional or statutory limitation.

8. In anticipation of the issuance of the Bonds to finance all or a portion of the Project, and in order that completion of the Project pursuant to the Borrower's specifications will not be unduly delayed when approved, the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Project to be financed from the proceeds of the Bonds, as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the Bonds if and when delivered but otherwise without liability on the part of Saint Paul or the HRA.

9. Saint Paul's PED Director and staff are hereby authorized and directed to take all actions necessary to implement this Resolution.