



Legislation Text

File #: RES 16-969, **Version:** 1

Resolution Approving And Authorizing Execution Of A Second Amendment To An Existing HRA Loan Including Extension Of Term And Affordability Period, And Resubordination For Van Dyke Townhomes, District 1, Ward 7

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001, et seq. (the "Act"); and

WHEREAS, the HRA has the power to engage in development or redevelopment activities under Minnesota law and the HRA is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, and (e) improving the tax base and the financial stability of the community, and to engage in the aforementioned activities when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14; and

WHEREAS, Van Dyke Townhomes LLC (the "Company") is requesting a resubordination of a \$279,000 HRA Loan ("HRA Loan") given by the HRA to the Company in 1990, and refinanced with an appropriate first amendment to the HRA Loan in 2005, for ten three-bedroom townhomes and one four-bedroom home located at 395 and 405 Van Dyke Street, St. Paul, Minnesota ("Project") and for the HRA to consent to the refinancing of the senior debt for the Project for the reasons stated in the staff report accompanying this resolution (the "Subordination"); and

WHEREAS, the Company has continuously operated the Project since 1990 with income restrictions; and

WHEREAS, staff recommends to the HRA Board approval of the Subordination provided the Company brings the HRA loan current by submitting a payment of \$118,929 prior to closing, in addition to completing \$35,000 in capital improvements to the Project in the next year; and

WHEREAS, staff also recommends to the HRA Board approval of a second amendment to the HRA Loan and related documents (the "Second Amendment"), as described in the staff report, which includes a 30-year extension to the term of the HRA Loan, provided that the affordability period as set forth in the HRA Loan and related documents ("Affordability Period") is extended by means of a separate, recorded declaration of covenants for an additional 30 years to match the term of the HRA Loan; and

WHEREAS, by this Resolution the HRA Board of Commissioners finds a public purpose for the Subordination and the Second Amendment for the Project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota that:

1. The HRA Board of Commissioners hereby approves the Second Amendment for the Project contingent upon the Company extending the Affordability Period means of a separate, recorded declaration of covenants to match the term of the HRA Loan.
2. The HRA Board of Commissioners hereby approves the Subordination for the Project

contingent upon the Company bringing the HRA loan current prior to closing and completing capital improvements to the Project.

3. The HRA Executive Director, staff and legal counsel for the HRA are directed and authorized to take all actions necessary to implement this Resolution. The HRA's Executive Director is authorized to negotiate the terms of and execute any agreements, documents and instruments in connection with this Resolution.