



## Legislation Text

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**File #:** RES 17-602, **Version:** 1

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Request for Approval of Extension of the Maturity Date of Certain Model Cities Families First No. 1 LLC Loans, Approval of a CDBG Loan of up to \$249,000 to Model Cities Families First No. 1 LLC, Approval of Re-Subordination of some Model Cities Families First No. 1 LLC Loans, and Approval of the Assignment and Assumption for 833 University Ave to Model Cities Families First No. 1 LLC., District 7, Ward 1

**WHEREAS**, in 1992 the HRA approved a loan for \$155,000 deferred with 2% interest of HRA Loan Enterprise Fund to Model Cities for the acquisition and rehabilitation of a property located at 515 North Dale in Saint Paul to be used as permanent housing for women and their children who are participating in the Family First Program; and

**WHEREAS**, in 2002, the HRA approved a loan for \$25,000 deferred with no interest of CDBG funds to Model Cities for the acquisition of the property located at 914 Thomas to be used as permanent housing for women and their children who are participating in the Family First Program; and

**WHEREAS**, in 2004, the HRA approved a loan for \$300,000 deferred with 2% interest of HOME funds to Model Cities for the new construction a 6-unit apartment building located at 833 University as part of their supportive housing program for chronically homeless families and their children; and

**WHEREAS**, Model Cities has secured a new PARIF loan from Minnesota Housing to correct deferred maintenance, replace worn out items, and improve energy efficiency in the properties located at 914 Thomas, 515 Dale, and 833 University; and

**WHEREAS**, Model Cities Families First No 1 LLC will reimburse the City HRA Loan Enterprise Fund in the amount of \$155,000 plus 2% interest with principal and interest to be adjusted to the date of closing; and

**WHEREAS**, HRA will provide a loan of up to \$249,000 of CDBG funds to be used for eligible construction costs on 515 N Dale Street; and

**WHEREAS**, in order to simplify the project structure, Model Cities plans to consolidate properties and asset management under Model Cities Supportive Housing LLC, a subsidiary corporation which is the sole owner of Model Cities Families First No. 1 LLC; and

**WHEREAS**, Model Cities, current owner of 833 University will transfer the Title of this property to Model Cities Families First No. 1 LLC; and

**WHEREAS**, for the foregoing reasons, the HRA Board finds there is proper public purpose for

- Authorizing the extension of the maturity date of the above CDBG and HOME loans until June 30, 2047, to be coterminous with the new PARIF loan from Minnesota Housing.
- Approving a CDBG loan of up to \$249,000 to Model Cities Families First No. 1 LLC.
- Authorizing the subordination of the HRA loans to the new MHFA first mortgage loan.
- Approving the assignment of assumption for 833 University Avenue to Model Cities Families First No. 1 LLC.

**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 HRA Board hereby approves
  - a. Extending the maturity date of the CDBG and HOME loans attached to properties located at 914 Thomas Avenue and 833 University Avenue, with respective current balances owing of \$25,000, and \$300,000 until June 30, 2047.
  - b. Loan of up to \$249,000 with 0% interest of CDBG funds to Model Cities Families First No. 1 LLC.
  - c. The subordination of the HRA loans to the new MHFA PARIF first mortgage loan.
  - d. The transfer of the assignment of assumption for 833 University to Model Cities Families First No. 1 LLC
2. The HRA Board makes no objection to Model Cities Supportive Housing LLC becoming the sole member of Model Cities Families First No. 1 LLC, the fee owner.
3. The HRA Chair or Commissioner, HRA Executive Director and Director, Office of Financial Services are hereby authorized and directed to execute all loan documents on behalf of the HRA, provided that such documents are acceptable in form and substance to the Saint Paul City Attorney.