



## Legislation Text

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**File #:** RES 18-1708, **Version:** 1

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Resolution approving and authorizing a loan modification to the \$1,000,000 Deferred HOME Loan and related documents for the 2700 University project, District 12, Ward 4

**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**, the HRA and 2700 University FC, LP, a Minnesota limited partnership ("Developer") entered into a certain HOME Repayment Loan Agreement dated June 9, 2015 ("HOME Loan Agreement") whereby the HRA loaned the Developer the sum of \$1,000,000 for the purpose of constructing a 50 unit affordable housing project, of which 11 were HOME units ("Project"), and

**WHEREAS**, in connection with the HOME Loan Agreement the HRA and Developer also executed and delivered a promissory note; combination mortgage, security agreement and assignment of leases and rents; and declaration of covenants, conditions and restrictions (together with the HOME Loan Agreement are referred to as the "HOME Loan Documents"); and

**WHEREAS**, the Project has been constructed and occupied and the Developer now desires to obtain long term financing for the Project and the long term lender is requiring a restructuring of the financing and land ownership of the Project together with an adjacent market rate housing and commercial project constructed by an affiliate of the Developer ("Refinancing"), as more fully described in the staff report submitted to the HRA Board with this resolution; and

**WHEREAS**, the Refinancing will include a conversion of the Developer's land ownership in the Project from a fee simple title to a long term lease ("Lease"), and the Lease will not materially change the Developer's performance obligations or terms of default or the HRA's rights and remedies under the HOME Loan Documents; and

**WHEREAS**, the long term lender and Developer are requesting that the HRA execute and deliver the following documents as part of the Refinancing, namely: (1) Amendment to HOME Loan Documents; (2) Amended and Restated Combination Leasehold Mortgage, Security Agreement, and Assignment of Leases and Rents; (3) Amended and Restated Declaration of Covenants, Conditions and Restrictions; and (4) Amended and Restated Subordination and Intercreditor Agreement (collectively the "Amended and Restated HOME Loan Documents"); and

**WHEREAS**, the long term affordability of the HOME units will be retained under the Refinancing and by this

resolution the HRA approves the Refinancing and Amended and Restated HOME Loan Documents and finds a public purpose for the actions taken in this Resolution 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 Refinancing and the execution and delivery of the Amended and Restated HOME Loan Documents for the Project contingent on the Developer securing from other sources the necessary funds to complete the Refinancing for the Project. The Chair/Commissioner, Executive Director and Director of Office of Financial Services are hereby authorized and directed to execute the Amended and Restated HOME Loan Documents in the forms submitted to this HRA Board.

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