



Legislation Text

File #: RES 21-1218, **Version:** 1

Resolution approving the re-subordination and extension of the terms of two CDBG-deferred loans associated with Lowertown Loft Cooperative due to refinancing of first mortgages, District 17, Ward 2

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 Chapter 469 of the Minnesota Statutes, Housing and Redevelopment Act ("Act") and by authority of said Act engages in activities relating to: a) housing projects and development; b) removal and prevention of the spread of conditions of blight or deteriorations; c) bringing substandard buildings and improvements into compliance with public standards; d) disposition of land for private development; 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

WHEREAS, Lowertown Lofts Cooperative (LLC) is a 29-unit artist live-work housing cooperative located at 255 East Kellogg Boulevard in Saint Paul (the "Project"). The Project was originally established in 1985, as part of a major renovation of an historic building in the Lowertown Historic District of downtown Saint Paul and the purpose of the Cooperative is to provide affordable housing for artists; and

WHEREAS, the LLC will be approved for a new, HUD-insured first mortgage loan not to exceed approximately \$2,000,000, with 2.5% interest for 35 years; and

WHEREAS, there are two Community Development Block Grant (CDBG) loans for the Project, including a \$248,837 CDBG loan with a 2% interest rate in second-priority position, and a \$488,806 CDBG loan with 0% interest in third-priority position, and

WHEREAS, the owners of the Project request that all existing deferred loans be resubordinated and coterminous with the First Priority Loan which will require a 12-year extension on both CDBG loans; and

WHEREAS, on August 11, 2021, the PED Credit Committee reviewed and approved a partial repayment and the re-subordination and extension of the terms of the HRA/CDBG loans for the Project.

NOW, THEREFORE BE IT RESOLVED, that the HRA Board of Commissioners takes the following action:

1. Authorizes and approves the re-subordination and extension of the terms to the year 2056 on two CDBG loans for Lowertown Lofts Cooperative;
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.