



Legislation Text

File #: RES 21-671, **Version:** 1

Resolution approving the re-subordination and extension of the terms and affordability periods of five HRA/City deferred loans associated with Model Cities BROWNstone, Limited Partnership due to refinancing of first mortgages, District 7, Ward 1

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, in 2017, the Model Cities BROWNstone Project was constructed. (the "Project") The Project is located at 839 University Avenue and is a four-story mixed-use building with thirty-five (35) units of affordable rental housing units affordable to households earning 50% to 60% Area Median Income (AMI) and 20,415 square feet of commercial/retail space; and

WHEREAS, Minnesota Housing will be providing a new, first-priority mortgage loan on the housing portion of the Project in the amount of \$1,425,000 and the loan will have an interest rate of approximately 3.25% and a 35-year term ("First Priority Loan") and

WHEREAS, the current HRA and City loans for the Project include a \$750,000 HOME loan, a \$1,668,248 Pooled Tax-Increment-Finance ("TIF") loan; a \$119,096 Met Council TBRA loan, a \$421,350 Met Council LCDA loan, and a \$104,356 Met Council LCDA TOD loan; 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 an extension of 10 years on all five HRA/City loans. In addition, there will be an extension of the affordability period for an additional 10 years or until the year 2056; and

WHEREAS, on April 13, 2021, the PED Credit Committee reviewed and approved the re-subordination and extension of the terms and affordability period of the HRA/City 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 and affordability period to the year 2056 on all five City/HRA loans for Model Cities BROWNstone, Limited Partnership;
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.