



Legislation Text

File #: RES 24-853, **Version:** 1

Resolution recommending the authorization and approval of a subordination of a \$2,602,255 Community Development Block Grant (CDBG) / Community Development Block Grant Covid (CDBG-CV) loan to Keystone Community Services, 1790-1800 University Ave W; District 13, 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 Minnesota Statutes, Section 469.002, Subdivision 14; and

WHEREAS, Keystone Community Services acquired two buildings located at 1790 and 1800 University Ave W (the "Property") for the purpose of redeveloping them into a consolidated, transit-accessible food center (the "Project"); and

WHEREAS, the Project will create greater efficiencies and increase service to the community and in particular to low- and moderate- income persons; and

WHEREAS, on October 20, 2021, City Council approved the transfer of \$902,255 in CDBG-CV award funds via RES 21-1438 for the Project; and

WHEREAS, on November 9, 2022, the HRA recommended and authorized the approval of financing a \$1,260,214 CDBG loan and a \$439,786 CDBG-CV loan for the Project via RES 22-1728; and

WHEREAS, on November 16, 2022, City Council authorized the transfer of \$1,260,214 in CDBG and \$439,786 in CDBG-CV funds to the Project; and

WHEREAS, on January 25, 2023, a development agreement for \$902,255 and \$439,786 of CDBG-CV and \$1,260,214 of CDBG was executed, comprising a total loan amount of \$2,602,255; and

WHEREAS, the CDBG / CDBG-CV loan includes a mortgage with a subordinate lien position to Sunrise Banks; and

WHEREAS, After the CDBG / CDBG-CV development agreement was executed, Keystone Community Services received an appropriation grant from the State of Minnesota ("State Appropriation"), which requires that no prior and/or superior lien may be imposed on the Property; and

WHEREAS, so that Keystone Community Services may access the State Appropriation, which would allow them to complete the Project, pay off remaining construction invoices, and minimize debt on the Project, the CDBG / CDBG-CV loan must subordinate its lien position; and

WHEREAS, by this Resolution, the HRA find that the Project will improve the living environment of low- and moderate-income people and families by streamlining food shelf services.

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 hereby recommends the authorization and approval of a subordination the CDBG / CDBG -CV Loan under the terms articulated in the Board Report accompanying this Resolution, with any additional terms and conditions as deemed necessary and appropriate by the HRA Executive Director and the City Attorney's Office.
2. The HRA Chair or Commissioner, the HRA Executive Director, and the City's Director of the Office of Financial Services are hereby authorized to execute the necessary documents in connection with the Loan, provided that such documents are acceptable in form and substance to the City Attorney's Office.
3. The HRA Executive Director, Staff, and City Attorney's Office are hereby authorized to take all other actions needed to implement this Resolution.
4. That this Resolution does not constitute a binding legal agreement; rather, the action taken herein shall not be effective until said documents are executed by the appropriate official(s) of the HRA.