Legislation Details (With Text)

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Title:	Resolution approving modifications to the 2002 HOME loan to RS Eden, owner of Seventh Landing, a 12-unit low-income rental property located at 1364 West 7th Street, District 9, Ward 2		
Sponsors:	Rebecca Noecker		
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Attachments:	1. Board Report, 2. Map, 3. D9 West Seventh Neighborhood Profile		

Date	Ver.	Action By	Action	Result
9/28/2022	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution approving modifications to the 2002 HOME loan to RS Eden, owner of Seventh Landing, a 12-unit low-income rental property located at 1364 West 7th Street, District 9, Ward 2

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Authority") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001 et seq (the "HRA Act"); and

WHEREAS, the Authority has the power to engage in development or redevelopment activities under Minnesota law and the HRA Act and the Authority 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 communities; and is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14; and

WHEREAS, the Board of Commissioners of the Authority, through Resolution No. 02-2/27-2 adopted on February 27, 2002, approved a $387,000 HOME loan ("2002 HOME Loan") to RS Eden, the owner of the Passages Apartment project (now known as Seventh Landing), for the development of an affordable 12-unit rental property with commercial space for job training activities, located at 1364 West 7th Street (the "Project"); and

WHEREAS, the 2002 HOME Loan approved by the Authority allowed for the deferral of principal and interest payments for its approximately 20 year term, and the loan, and all principal and interest payments thereunder, is scheduled to become due on November 27, 2022; and

WHEREAS, the Project is encumbered by a certain affordable housing Declaration of Covenants that runs with the land and has not yet expired (the "Declaration of Covenants");

WHEREAS, the Authority has received a request from RS Eden, the Project's owner, that the Authority make certain modifications to the 2002 HOME loan that include extending the term, waiving interest charges, and adding a loan forgiveness feature;

WHEREAS, RS Eden has submitted a request to Ramsey County for the County loan on the project to be extended for a minimum of 20 years; and

WHEREAS, the Authority's staff has determined that the loan modification request is reasonable and warranted, and that there is a proper public purpose for making modifications to the 2002 HOME Loan for the Project, including to retain jobs, support investment in low-to-moderate income areas, and support affordable housing initiatives.

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 Authority hereby approves the forgiveness of any and all interest charges that have accrued or that will accrue on the 2002 HOME Loan made to RS Eden.

2. The Authority hereby approves of an amendment of the 2002 HOME Loan that contains the following terms:
    a. Reduce the interest rate from 2% to 0%;
    b. Extend the maturity date from November 27, 2022 to December 31, 2027;
    c. Make the loan automatically forgiven at the new maturity date conditioned upon:
        i. RS Eden complying with the requirements of the Declaration of Covenants; and
        ii. Ramsey County extending its loan on the project to a minimum of 20 years.

3. The Executive Director of the Authority is hereby authorized and directed to prepare and enter into a loan modification agreement with RS Eden that is consistent with the terms of these resolutions and the accompanying Board Report, and the Authority's Executive Director and other appropriate Authority officials are empowered to execute that loan modification agreement on behalf of the Authority, and are further authorized to execute any other documents and instruments in connection therewith.

4. The Authority staff and the Authority's Executive Director are further directed and authorized to take all actions necessary to implement this Resolution.

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