



Legislation Text

File #: RES 15-1453, **Version:** 1

Resolution Approving An Extension Of The Maturity Date Of A HOME Loan And Subordination Request For The Selby Grotto Apartments, Ward 1, District 8

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 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, in 2003 the HRA made a \$330,000 deferred HOME loan ("Loan") to Selby Grotto Limited Partnership in connection with the Selby Grotto Apartments project ("Project"), a 40 unit affordable rental apartment building located at 755 Selby Avenue, Saint Paul; and

WHEREAS, the Loan has a maturity date of September 1, 2044 ("Maturity Date") and is secured by a real estate mortgage ("Mortgage") which is in 4th position on the Project; and

WHEREAS, the Project is refinancing its first mortgage loan in order to reduce the debt service payments so the project will have a positive cash flow, provided that the HRA and all the other subordinate lenders are willing to subordinate their loans to this new first mortgage financing and extend the maturity date of HRA's Mortgage to September 1, 2055; and

WHEREAS, the HRA is willing to extend the Maturity Date and subordinate its Mortgage because there is a public purpose of maintaining the affordability of the Project and the financial stability of the building;

NOW, THEREFORE BE IT RESOLVED, that the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, takes the following action:

1. Authorizes and approves the extension of the Maturity Date of the Loan to September 1, 2055.
2. Authorizes and approves the subordination of the HRA Mortgage to the new first mortgage financing of \$2,679,300.

Authorizes and directs the HRA Executive Director or his designee, staff and legal counsel for the HRA to finalize the conditions and other provisions for the HRA to extend the Maturity Date and subordinate its Mortgage, and to execute all agreements, documents and instruments needed to implement this Resolution.