Legislation Text

File #: RES 16-433, **Version:** 1

Approving transfer of ownership, and execution of assignment and assumption of existing City financing, Including extension of maturity dates and re-subordination, for Superior Street Cottages (District 9, 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 City of Saint Paul (“City”) is a home rule charter city under the laws of the State of Minnesota; and

WHEREAS, Superior Street Cottages is a 23 unit senior rental townhome development (“Project”) that was constructed in 1999 by a partnership of Lyngblomsten and Fort Road Federation (“Developer/Assignor”) and financed by five separate HRA and City sources of funds, namely: HRA 501(c)(3) bonds, HRA tax increment financing, HRA HOME funds of $753,000 and HRA UDAG funds of $246,000 (collectively “HRA Financing”); and City STAR funds of $400,000 (“City Financing”); and

WHEREAS, Developer/Assignor has continuously operated the Project since 1999 with income and age restrictions; and

WHEREAS, Developer/Assignor desires to sell the Project to Next 7th Properties, LLC (“Buyer/Assignee”) that is owned by Shawn Devine, and Developer has requested that the HRA and City approve the sale and transfer of ownership of the Project and the execution of an assignment, assumption and amendment (“Assignment”) of the HRA Financing and City Financing to Buyer/Assignee, an experienced owner and operator of housing units in the Metropolitan area, and

WHEREAS, staff recommends to the HRA Board and to the Saint Paul City Council approval of the Assignment on the terms and conditions, which includes extensions of maturity dates and affordability and age restrictions, reissuing of the TIF Note, and resubordinations of the HRA Financing and City Financing among other terms, and for the reasons described in the staff report submitted to the HRA Board and Saint Paul City Council with this Resolution; and

WHEREAS, by this Resolution the Saint Paul City Council approves the transfer of ownership of the Project to Buyer/Assignee and execution of the Assignment and finds a public purpose for the actions taken in connection with the Project; and

WHEREAS, the HRA Board of Commissioners is being requested to take action with respect to the HRA Financing that is consistent with the actions being taken by the Saint Paul City Council in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Saint Paul, Minnesota that:

1. The City Council hereby approves the transfer of ownership of the Project from the Developer/Assignor to the Buyer/Assignee, and approves and authorizes the execution of the Assignment, in substantially the form submitted, by the City’s Mayor, PED Director, and Director of Office of Financial Services, and any related loan documents.

2. The City's PED Director, staff and legal counsel for the City are directed and authorized to take all actions necessary to implement this Resolution.

3. The City's PED Director is authorized to negotiate and execute any documents and instruments in connection with this Resolution including without limitation the execution of the Assignment and any amendments thereto that do not materially change the terms and conditions of such Assignment with the approval of the City Attorney, and any related loan documents.