



Legislation Text

File #: RES PH 16-126, **Version:** 1

Approving and authorizing the execution of development agreements and loan/grant agreements for Model Cities Brownstone Residential and Commercial Projects, execution of a business subsidy agreement for the Commercial Project, and execution of documents relating thereto. (District 7, Ward 1)

WHEREAS, the City of Saint Paul ("City") is a home rule charter city established and existing under the laws of the State of Minnesota; and

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 and HRA have received a proposal from Model Cities of St. Paul, Inc. ("Model Cities") to provide financing for a multifamily housing facility consisting of 35 affordable rental housing units to be constructed and located at 839-849 University Ave, Saint Paul, MN ("Residential Project") and approximately 20,415 square feet of commercial/retail space ("Commercial Project"), all as more fully described in the staff report accompanying this Resolution; and

WHEREAS, the staff report submitted to the HRA Board of Commissioners as part of the request for financial assistance made to the HRA, which this Council acknowledges receipt of, details the sources and amounts of City and HRA financing being requested and recommended by staff for the Residential Project and Commercial Project; and

WHEREAS, Model Cities has or will be forming two separate legal entities to construct, own and operate the two projects, those entities being Model Cities Brownstone Limited Partnership for the Residential Project and Model Cities Brownstone Commercial, LLC for the Commercial Project; and

WHEREAS, for the Residential Project, City staff will work with Model Cities Brownstone Limited Partnership to prepare a Development Agreement (that includes the HRA) and a Met Council Loan Agreement (collectively the "Residential Project Development/Loan Agreements") consistent with the recommendations made in the staff report; and

WHEREAS, for the Commercial Project, City staff will work with Model Cities Brownstone Commercial, LLC to prepare a Development Agreement (that includes the HRA), a CDBG Loan Agreement, a Met Council Subgrant Agreement, a STAR Loan Agreement, an Amendment to an existing STAR Loan Agreement (which STAR loan was previously approved by the City Council in 2015), a Business Subsidy Agreement that includes a forgivable promissory note and mortgage, and a participation agreement with Anchor Bank relating to a first mortgage loan (collectively the "Commercial Project Development/Loan Agreements") consistent with the recommendations made in the staff report; and

WHEREAS, by separate action, the HRA Board of Commissioners is being requested to approve HRA financing for the Residential Project and Commercial Project; and

WHEREAS, on May 4, 2016 the City Council held a public hearing on the Business Subsidy Agreement and other actions described in this Resolution, and after consideration of the proposal and testimony given at the hearing, the City Council hereby determines there is a public purpose to take all the actions described in and

approved in this Resolution for the following reasons: both the Residential Project and the Commercial Project will provide needed affordable rental housing, will remove a vacant structure, will create and retain local businesses, and will provide availability of goods and services.

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

1. The City Council hereby approves the Residential Project Development/Loan Agreements consistent with the terms submitted to this City Council for approval, and authorizes and directs the Mayor, PED Director, Director of Human Rights and Equal Economic Opportunity, and Director of the Office of Financial Services to execute and deliver the Residential Project Development/Loan Agreements.
2. The City Council hereby approves the Commercial Project Development/Loan Agreements consistent with the terms submitted to this City Council for approval, and authorizes and directs the Mayor, PED Director, Director of Human Rights and Equal Economic Opportunity, and Director of the Office of Financial Services to execute and deliver the Commercial Project Development/Loan Agreements.
3. The PED Director, staff and legal counsel for the City are further directed and authorized to take all actions and approve any and all additional documents, instruments and agreements necessary to implement this Resolution. The PED Director is authorized to negotiate any amendments to the Residential Project Development/Loan Agreements and Commercial Project Development/Loan Agreements that do not materially change the terms and conditions of such agreements with the approval of the City Attorney and execute any other necessary documents and instruments in connection with this Resolution.