



Legislation Text

File #: Min 19-26, **Version:** 1

Approving the May 22, 2019 HRA Board meeting minutes **ROLL CALL**

Present 4 - Commissioners Jalali Nelson, Noecker, Thao and Chair Tolbert

Absent 3 - Commissioners Brendmoen, Busuri and Prince

FOR DISCUSSION

Commissioners Brendmoen, Busuri and Prince Arrived

1. Approving and authorizing \$200,000 in HRA Loan Enterprise Funds to Schmidt Keg House Holding, LLC, 928 West 7th Street, District 9, Ward 2

Dr. Bruce Corrie, HRA Executive Director, stated that Keg and Case is a nationally known food hall having been voted as the top new food hall in the nation by USA Today. It is part of an emerging entertainment district on West 7th and is helping to build the brand of the city as a great place to work, play and stay. It holds around 24 businesses many of them independent businesses and has created between 200 and 300 jobs. Construction costs for the \$10 million project went \$500k over budget largely due to unexpected historic rehab costs and environmental abatement costs. The Developer was able to cover about half of these costs and needs assistance from the HRA for a \$200,000 loan to complete the project. The developer, as part of the loan agreement, will partner with the Cultural Destination Areas.

Commissioner Noecker spoke in favor of this project.

Moved by Commissioner Noecker, Resolution Adopted and set forth in RES 19-857
VOTE: Yeas - 7 Nays - 0

2. Resolution approving the guidelines for housing trust fund allocations supporting community land trusts and initial allocation, Citywide

Dr. Bruce Corrie, HRA Executive Director, stated that as part of the affordable housing strategy, we are working to introduce innovative affordable housing models and proposing expanding the role and operation of Community Land Trusts in Saint Paul. This is an effective strategy to keep homeownership affordable to our residents especially in low income areas. Housing Director Kayla Schuchman and her team at PED are rolling out this program by offering guidelines and funding for community land trusts in Saint Paul. This resolution calls for the approval of the Community Land Trust guidelines and approval of \$1 million dollars from the Housing Trust Fund towards this program.

Nick Boettcher, Planning and Economic Development Senior Project Manager, shared Community Land Trusts guidelines and request for allocation from the Housing Trust Fund with the Commissioners.

Commissioner Prince asked if we had been in contact with community land trust regarding these guidelines. Mr. Boettcher stated that we had. Commissioner Prince thanked Nick and PED for the hard

work on this.

Commissioner Noecker also shared her appreciation and excitement for this program.

Chair Tolbert thanked Mr. Boettcher and Housing Director, Kayla Schuchman, for her work and leadership on this.

Moved by Commissioner Brendmoen, Resolution Adopted and set forth in RES 19-858

VOTE: Yeas - 7 Nays - 0

3. Resolution (i) approving the establishment of the 848 Payne Avenue Housing Project Area and the Tax Increment Financing District (848 Payne Avenue Housing Project), (ii) approving a Housing Development and Redevelopment Plan and Tax Increment Financing Plan, respectively, therefor, (iii) authorizing execution of a tax increment development agreement, and (iv) approving an HRA budget amendment, District 5, Ward 6

Dr. Bruce Corrie, HRA Executive Director, stated that the next three resolutions speak to the various dimensions of the economic renaissance happening around Payne Ave and the vitality this project will bring to that Avenue.

Over the years the HRA acquired a few parcels and assembled them to provide opportunities for larger developments. The Developer, Schafer Richardson, proposes to construct a 4-story building with 99 housing units with 20 percent affordable at the 50 percent AMI. In addition, there is 5600 sq ft of commercial space and 90 parking spaces.

There are three separate but connected resolutions connected to the property.

This resolution establishes the 848 Payne Avenue Redevelopment Project area and TIF district and seeks approval of a housing and redevelopment plan and a tax increment financing plan. It also requests approval of the development agreement, a HRA Budget amendment and authorizes the Executive Director to execute all documents.

The TIF will be structured as a Pay as you Go Note to the Developer pledging 90 percent of the tax increments collected by the HRA for the TIF district, for eligible expenses incurred in the construction of affordable housing, including interest. The remaining 10 percent is budgeted for administrative expenses.

The principal amount on the note is approx. \$2.08 million with an estimated interest rate of 4.44 percent. The HRA makes no representation that the pledged increments will be sufficient to pay principal and interest.

This resolution identifies the financing structure of the 848 Payne Avenue project which is a combination of Multifamily Housing Revenue Bonds with automatic 4 percent Low income housing tax credits and Tax Increment Financing.

On March 20, 2019 the City Council conducted a public hearing and authorized preliminary approval for the HRA to issue tax exempt multifamily housing revenue note whose principal will not exceed \$13 million and will have fixed interest. The Developer is asking for a waiver that the bonds be sold with a minimum denomination of \$5000 and requests they be sold at a minimum denomination of \$1000 to meet the financing requirements of Fannie Mae.

In addition, the City's \$269,500 Met Council loan will be structured as a 1 percent deferred loan for 30 years. \$1.2 million of the developer fee will be deferred and paid over a period of 15 years.

This resolution requests approval of the sale of HRA parcel to 848 Payne for half a million dollars.

Commissioner Busuri shared that this is a really big project for Ward 6 and the housing needs in the City of St. Paul.

Commissioner Noecker asked how the establishment of this TIF District effect the overall 10% goal for

market value tied up in TIF? Jenny Wolfe, PED Debt Manager, stated that we are currently capturing 8.63% of the tax base in our TIF Districts. This TIF District will increase that to 8.66%.

Commissioner Brendmoen asked Dan Bayers how long we have been working on this project. Dan Bayers, PED Principal Project Manager, stated that we started acquiring some of these properties in early 2000. Commissioner Brendmoen thanked Dan for his efforts on this project. Chair Tolbert thanked Dan and staff on this project.

Moved by Commissioner Thao, Resolution Adopted and set forth in RES 19-859

VOTE: Yeas - 7 Nays - 0

4. Resolution authorizing the issuance and sale of conduit multifamily housing revenue bonds; approving related documents; and adopting a Housing Program for the 848 Payne Avenue Apartments Project, District 5, Ward 6

Moved by Commissioner Jalali Nelson, Resolution Adopted and set forth in RES 19-860

VOTE: Yeas - 7 Nays - 0

PUBLIC HEARINGS

5. Resolution authorizing and approving the conveyance of six parcels of land located at the southeast corner of Payne Avenue and Wadena/Aguirre Avenue for the 848 Payne Avenue apartments project; District 5, Ward 6

Moved by Commissioner Noecker, Resolution Adopted and set forth in RES PH 19-154

VOTE: Yeas - 7 Nays - 0

6. Resolution approving the issuance by the City of Coon Rapids of conduit Multifamily Housing Revenue Bonds on behalf of Coon Rapids AH I, LLLP using, in part, recycled bonding authority from the Pioneer Press Building Project, 345 Cedar Street, District 17, Ward 2

Dr. Bruce Corrie, HRA Executive Director, stated that Real Estate Equities was allocated 4% tax credit bonds which they used to construct the Pioneer Press building. These bonds were of a shorter duration and so they paid it off; however, these bonds can be used elsewhere as “tax exempt” without the “tax credit” component as per IRS rules. These bonds could be used for the life of the project; however, there is a small window of 6 months by which they can be recycled to another project. Real Estate Equities found they could use it in their Coon Rapids and Brooklyn Center properties. And when they do so, they also free up “tax credit” allocations for those properties and this gets added to the state pool where others like Saint Paul can access for projects. REE indicated that this is a good tool for future affordable housing projects and that there will be more bonds coming up on their projects by the end of the year.

Commissioner Noecker spoke in favor of this resolution.

Moved by Commissioner Noecker, Resolution Adopted and set forth in RES PH 19-155

VOTE: Yeas - 7 Nays - 0

7. Resolution approving the issuance by the City of Brooklyn Center of conduit Multifamily Housing Revenue Bonds on behalf of Real Estate Equities, Inc. using, in part, recycled bonding authority from

the Pioneer Press Building Project, 345 Cedar Street, District 17, Ward 2

Moved by Commissioner Noecker, Resolution Adopted and set forth in RES PH 19-156

VOTE: Yeas - 7 Nays - 0

ADJOURNMENT

Moved by Commissioner Brendmoen, the HRA Board Meeting is Adjourned

VOTE: Yeas - 7 Nays - 0