



Legislation Text

File #: RES 19-1384, **Version:** 1

Approving and authorizing the execution of the Sibley Park Apartments second amended and restated master subordination agreement and estoppel certificate, District 17, Ward 2.

WHEREAS, the City of Saint Paul, Minnesota (the "City") is a municipal corporation and a participant in grant programs available through the Metropolitan Council ("Met Council"); and

WHEREAS, the City was awarded a grant in the amount of \$500,000 from Met Council ("Grant") to undertake the construction of Sibley Park Apartments ("Project") located on real property in Saint Paul Mn legally described as Lot 1, Block 1, Sibley Park Apartments ("Property"); and

WHEREAS in November 2000 the City loaned to Sibley Park Limited Partnership ("Partnership") the amount of the Grant for the Project ("City Loan"); and

WHEREAS, by a Sibley Parks Apartments Amended and Restated Master Subordination Agreement, Modification Agreement and Estoppel Certificate dated May 1, 2013 the City agreed to subordinate the priority of the City Mortgage to two other lenders, and

WHEREAS, the owner of the Partnership desires to sell its Partnership interest to Orbach Affordable Housing Solutions ("Orbach"), an affordable housing preservation focused developer, to preserve the opportunity to pursue tax credits in the future for the Project; and

WHEREAS, Orbach has secured first mortgage financing and has requested re subordination of the City Loan and has requested that the City execute the Sibley Park Apartments Second Amended and Restated Master Subordination Agreement and Estoppel Certificate ("Second Amended Subordination"); and

WHEREAS, the City Loan is deferred with 0% interest and will balloon on April 15, 2042, and these terms will not change when the City Loan is resubordinated; and

WHEREAS, there is a Land Use Regulatory Agreement ("LURA") in place until 2023, which ensures that the current levels of affordability are maintained; and

WHEREAS, Orbach has been working with the Saint Paul Public Housing Agency to put a new Housing Assistance Payment contract in place, which provides continued support for the project's Section 8 units for a period of 20 years; and

WHEREAS, the Planning and Economic Department's Credit Committee recommended approval of the resubordination request on August 13, 2019; and

WHEREAS, the City Council finds a public purpose for the actions authorized by this resolution; and

NOW THEREFORE BE IT RESOLVED, the City Council of the City of Saint Paul, Minnesota hereby approves the Second Amended Subordination and staff of the Department of Planning and Economic Development is hereby authorized and directed to negotiate the details of the resubordination and related documents. The appropriate City officials are authorized to execute the Second Amended Subordination and related documents.