



Legislation Text

File #: RES 20-766, **Version:** 1

Resolution approving the re-subordination and extension of the terms and affordability periods of five HRA/City deferred loans associated with Minnesota Vistas and Minnesota Place projects due to refinancing of first mortgages, District 17, 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 HRA has the power to engage in development or redevelopment activities under Chapter 469 of the Minnesota Statutes, Housing and Redevelopment Act ("Act") and by authority of said Act engages in activities relating to: a) housing projects and development; b) removal and prevention of the spread of conditions of blight or deteriorations; c) bringing substandard buildings and improvements into compliance with public standards; d) disposition of land for private development; 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

WHEREAS, in 2010, the Minnesota Building, a 13-story former commercial building located at the southwest corner of Cedar and 4th Streets, was purchased by Sand Companies, Inc. ("Owners") and converted to affordable rental housing (the "Project");

WHEREAS, due to difficulties in obtaining financing, the Project was divided into two different financing structures, with different ownership entities, called "Minnesota Place, LLC" and "Minnesota Vistas, LLC," and

WHEREAS, at the time of original financing, there were two unique financing programs established as part of the American Recovery and Reinvestment Act (ARRA) of 2009. These programs were put in place to help tax credit projects such as the Minnesota Building get underway. The Section 1602 Program was a federally-funded program that replaced the Low Income Housing Tax Credit (LIHTC) equity usually provided through private investors. Section 1602 funds were provided as grants or 0% forgivable loans. The Tax Credit Assistance Program (TCAP) was also a federally-funded program and provided low-interest, deferred loan financing for affordable housing. Both programs were distributed and administered through the State Housing Finance Agencies and are no longer being provided; and

WHEREAS, the current HRA and City loans for Minnesota Vistas includes a \$3,113,939 Section 1602 loan (replacing a "4%" LIHTC), and a \$167,112 Met Council TBRA loan, and a \$936,000 Tax-Increment-Finance ("TIF") note; and

WHEREAS, the current HRA and City loans for Minnesota Place include a \$4,895,061 Section 1602 loan (replacing a "9%" LIHTC), a \$1,642,989 TCAP loan, and a \$212,688 Met Council TBRA; and

WHEREAS, Minnesota Housing will be providing a new, first-priority mortgage loan on both Minnesota Vistas and Minnesota Place with \$2,805,000 and \$1,640,000, respectively. Both loans will have an interest rate of approximately 3.30% and a 35-year term; and

WHEREAS, the Owners of Minnesota Vistas LLC and Minnesota Place LLC request that all existing deferred loans be coterminous with the new first mortgage loans which will require an extension of 15 years on the 1602 loans, and 19 years on the LCDA TBRA loans. In addition, the owners request will be an extension of the affordability period by amending both the 1602 and TCAP Declarations out until the year 2055; and

WHEREAS, the Owners of Minnesota Vistas LLC and Minnesota Place LLC are requesting re-subordination and term extensions for the HRA/City deferred loans associated with the Minnesota Building, specifically, a 15-year extension on the Section 1602 loans, and a 19-year extension on the LCDA and TBRA loans; and

WHEREAS, the Project is now 10 years old and needs capital repairs, including security upgrades. A physical needs assessment confirmed these needed repairs. Overall, the property is in good condition and with the term extension the units will remain affordable for an additional 15 years until 2055; and

WHEREAS, on April 21, 2020, the PED Credit Committee reviewed and approved the re-subordination and extension of the terms and affordability period of the HRA/City loans for both Minnesota Place LLC and Minnesota Vistas LLC.

NOW, THEREFORE BE IT RESOLVED, that the HRA Board of Commissioners takes the following action:

1. Authorizes and approves the re-subordination and extension of the term and affordability period to the year 2055 on both City/HRA loans for Minnesota Vistas LLC;
2. Authorizes and approves the re-subordination and extension of the term and affordability period to the year 2055 on all three City/HRA loans for Minnesota Place LLC;
3. The HRA Executive Director, staff and legal counsel for the HRA are further directed and authorized to take all actions necessary to implement this Resolution.