



Legislation Text

File #: RES 23-199, **Version:** 1

Resolution recommending approval of the financing of a \$2,363,000 Community Development Block Grant (CDBG) loan and the extension of terms for one existing HRA loan both for the 653 Artist Lofts project at 653 Galtier Street, District 7, Ward 1

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") is a public body corporate and politic organized, existing, and operating under the laws of the State of Minnesota, Minn. Stat. Sec. 469.001, et seq. (the "Act"); and

WHEREAS, the HRA has the power to engage in development and redevelopment activities under the Act, and is authorized to create redevelopment projects as defined in the Act, and said activities include but are not limited to: (a) providing adequate, safe and sanitary dwellings, remedying housing shortages for low and moderate income residents, and providing housing for persons of all incomes through housing projects and development, (b) removing and preventing blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) performing duties according to the comprehensive plan, (e) disposing of land for private redevelopment, and (f) improving the tax base and the financial stability of the community; and

WHEREAS, the 653 Artist Lofts ("Project") is owned by Brandt Jens Kluge Limited Partnership of which TCHDC BJK, LLC ("TCHDC" or "Developer") is the Managing General Partner and Artspace Frogtown, LLC is a General Partner; and

WHEREAS, the building is comprised of 36 units, and is home to low-income individuals; and

WHEREAS, the Developer plans to make capital repairs to the building including tuckpointing of the brick exterior, replacing windows, site lighting, and retaining wall and concrete work; and

WHEREAS, the Project is at the end of its 30-year Low Income Housing Tax Credit (LIHTC) affordability period as of December 2022; and

WHEREAS, the Developer plans to refinance a Family Housing Fund (FHF) loan that is currently in the first position in the amount of \$1,246,693; and

WHEREAS, in 1992 the HRA made a \$544,000 deferred loan ("Existing Loan") to Brandt Jens Kluge Limited Partnership in connection with the Project (then known as the Frogtown Family Lofts); and

WHEREAS, the Existing Loan had a maturity date of April 28, 2022 and is secured by a real estate mortgage which is in the 2nd position; and

WHEREAS, the Developer has requested extension and revision of terms of the Existing Loan; and

WHEREAS, the HRA proposes to extend and revise the terms of the Existing Loan to be consistent with the new CDBG loan; and

WHEREAS, the Developer has requested financial assistance in the amount of \$2,363,000 of CDBG funds from the City; and

WHEREAS, to facilitate the rehabilitation and refinance, the City proposes to provide the Developer with a CDBG loan of \$2,363,000; and

WHEREAS, the CDBG loan will be deferred for 20 years with 2% interest and proposes to extend the maturity date for the Existing Loan of \$544,000 to be conterminous with the CDBG loan; and

WHEREAS, by this Resolution, the HRA finds a public purpose in the issuance of rehabilitation financing because the Developer's proposal will address safety, security and maintenance of a valuable affordable housing building;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Board") as follows:

1. The Board hereby approves and authorizes the extension of the terms of the Existing Loan to be coterminous with proposed rehabilitation CDBG financing from the City of Saint Paul.
2. The Board approves and authorizes the rehabilitation financing and entrance into a Loan Agreement for the extension of the Existing Loan.
3. that the HRA hereby approves and authorizes staff, under the direction of the Executive Director, to take all actions necessary to carry out the activities authorized by this Resolution, including finalizing all documents and agreements necessary to effectuate the activities to be undertaken by this Resolution, subject to approval by the City Attorney's Office.
4. that the only signature that shall be required on any and all documents in connection with this Resolution, subject to approval by the City Attorney's Office, is that of the Executive Director who is hereby approved and authorized to execute all said documents and instruments, which shall be sufficient to bind the HRA to any legal obligations therein.
5. that this Resolution does not constitute a binding legal agreement; rather, the action taken herein shall not be effective until said documents are executed by the appropriate official(s) of the HRA.