



Legislation Text

File #: RES 23-690, **Version:** 1

Approving a public hearing on the issuance of conduit multifamily housing revenue bonds by the Housing and Redevelopment Authority (the "HRA") for a multifamily rental housing development project located at 540 Broadway Street; reciting a proposal for a Housing Finance Program related to such multifamily rental housing development; approving the related project and program pursuant to Minnesota Statutes, Chapter 462C; authorizing the HRA to issue conduit multifamily housing revenue bonds and authorizing the preparation of necessary documents and materials in connection with said project and program, and related documents. (District 4, Ward 2)

(a) Minnesota Statutes, Chapter 462C, as amended (the "Act") confers upon cities, or housing and redevelopment authorities or port authorities authorized by ordinance to exercise on behalf of a city the powers conferred by the Act, the power to issue revenue bonds to finance a program for the purposes of planning, administering, making or purchasing loans with respect to one or more multifamily housing developments within the boundaries of the city; and

(b) The HRA has been designated, by ordinance, to exercise, on behalf of the City of Saint Paul, Minnesota (the "City") the powers conferred by Minnesota Statutes, Section 462C.01 to 462C.081, as amended; and

(c) The HRA has received a proposal from LSBD St. Paul Broadway, LLC, a Minnesota limited liability company (the "Borrower"), that the HRA undertake a housing finance program (the "Housing Program") to finance the Housing Project hereinafter described, pursuant to the Act, through the issuance of taxable and/or tax exempt housing revenue bonds, in one or more series in an estimated aggregate principal amount not to exceed \$33,000,000 (the "Bonds"); and

(d) The project to be financed by the Bonds is the acquisition of property and the demolition of an existing building thereon, and the construction and equipping of a six-story approximately 128-unit multifamily rental housing development and functionally related facilities, including surface and one-level of underground parking and approximately 5,200 square feet of commercial space on the first and second floors, to be located on an approximately 1.02 acre site located at 540 Broadway Street (the "Housing Project"); and

(e) The Housing Project will be owned and operated by the Borrower; and

(f) The proposal calls for the HRA to loan the proceeds realized upon the issuance and delivery of the Bonds to the Borrower pursuant to a loan agreement wherein the Borrower will be obligated to pay all costs and expenses of the HRA and the City incident to the issuance of the Bonds; and

(g) The City desires to facilitate the construction and development of multifamily housing facilities within the City; and the Housing Project will assist the City in achieving these objectives; and

(h) Pursuant to the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder, a notice of public hearing in the required form was published in a newspaper of general circulation in advance of the date of such public hearing; and

(i) A public hearing on the Housing Program and the Housing Project was held by the HRA, on April 26, 2023, following duly published notice in the *Pioneer Press*, a newspaper of general circulation in the City on April 11, 2023, with respect to: (i) the required public hearing under Section 147(f) of the Code; (ii) the

required public hearing under Section 462C.04, subdivision 2, of the Act; and (iii) the Housing Program, the Housing Project and the Bonds; and

(j) During said public hearing a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing; and

(k) No public official of the City has either a direct or indirect financial interest in the Housing Project nor will any public official either directly or indirectly benefit financially from the Housing Project; and

(l) Following said public hearing, the HRA adopted a resolution providing preliminary approval for the issuance of the Bonds and on the date hereof the Board of Commissioners of the HRA adopted a resolution providing for the final approval of issuance of the Bonds by the HRA subject to the approval of the City Council;

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

1. The City hereby approves the multifamily rental housing project, the Housing Project described above, to be undertaken by the Borrower pursuant to the Borrower's specifications, and approves the Housing Program therefor, pursuant to the Act.

2. The publication of the notice of public hearing by HRA staff prior to the public hearing is hereby ratified.

3. On the basis of information available to the City it appears, and the City hereby finds, that the Housing Project constitutes a multifamily housing development within the meaning of subdivision 5 of Section 462C.02 of the Act; that the availability of the financing under the Act and the willingness of the City to furnish such financing will be a substantial inducement to the Borrower to undertake the Housing Project, and that the effect of the Housing Project, if undertaken, will be to provide multifamily rental housing opportunities to residents of the City, and to promote more intensive development and use of land within the City.

4. The Housing Project, and the program to finance the Housing Project by the issuance of the Bonds, is hereby approved by the City subject to final approval by the Borrower and the purchaser of the Bonds as to ultimate details of the financing of the Housing Project. This approval is given pursuant to the requirement set forth in Section 147(f) of the Code and the Act and is not offered for any other purposes, including, but not limited to, the tax consequences of this financing arrangement.

5. Pursuant to Chapter 72, Saint Paul, Minnesota Administrative Code, the City hereby authorizes and directs the HRA to issue the Bonds to finance the Housing Project and to implement the Housing Program and to take all actions necessary or desirable in connection therewith, and no further approval or authorization of the City shall be required.

6. The Borrower has agreed and it is hereby determined that any and all costs incurred by the City or the HRA in connection with the financing of the Housing Project whether or not the Housing Project is carried to completion and whether or not approved by HRA will be paid by the Borrower.

7. Ballard Spahr LLP, as bond counsel, and such financial institutions as may be selected by Borrower, with the consent of the HRA, are authorized to assist in the preparation and review of necessary documents relating to the Housing Project and the financing program therefor, to consult with the Saint Paul City Attorney, Borrower and the purchaser of the Bonds as to the maturities, interest rates and other terms and provisions of the Bonds and as to the covenants and other provisions of the necessary documents and submit such documents to the HRA for final approval.

8. Nothing in this Resolution or the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Housing Project. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the City or the HRA except the revenue and proceeds pledged to the payment thereof, nor shall the City or the HRA be subject to any liability thereon. The holders of the Bonds shall never have the right to compel any exercise of the taxing power of the City or the HRA to pay the outstanding principal on the Bonds or the interest thereon, or to enforce payment thereon against any property of the City or the HRA. The Bonds shall recite in substance that the Bonds, including the interest thereon, are payable solely from the revenue and proceeds pledged to the payment hereof. The Bonds shall not constitute a debt of the City or the HRA within the meaning of any constitutional, charter, or statutory limitation.

9. In anticipation of the issuance of the Bonds to finance all or a portion of the Housing Project, and in order that completion of the Housing Project pursuant to the Borrower' specifications will not be unduly delayed when approved, the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Housing Project to be financed from the proceeds of the Bonds, as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the Bonds if and when delivered but otherwise without liability on the part of the City or the HRA.

10. The City Council hereby authorizes the appropriate City Officials or their proper designees to execute agreements and such other documents necessary to carry out this Resolution. The City may execute documents, certificates, and instruments relating to the issuance of the Bonds and the Housing Project by electronic signature. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message; or (iii) a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party).

11. The City's PED Director, staff and legal counsel are hereby authorized and directed to take all actions necessary to implement this Resolution.