



Legislation Text

File #: RES 24-1419, **Version:** 1

Resolution Approving the Extension of Terms and Increasing Rents from 50% AMI to 60% AMI of an HRA Deferred Loan and Assuming and Subordinating existing HRA Debt to New Owners at 1068 Raymond Avenue, District 12, Ward 4

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, Park Crossing Apartments Limited Partnership is a 19-unit affordable housing project located at 1068 Raymond Avenue (the "Project"). The Project was originally built in 1991 by People for Pride and Living (PPL) to provide affordable housing for Saint Paul residents at 50% area medium income (AMI); and

WHEREAS, the HRA loaned the project \$525,000 of HRA Enterprise funds with a 2% interest rate that is fully deferred, with a maturity date of July 10, 2021, in second-priority position, and,

WHEREAS, PPL requests to increase rents from 50% AMI to 60% AMI, including a loan extension through September of 2029; and,

WHEREAS, PPL intends to sell the property to new owners; and,

WHEREAS, the new owners request to assume the existing HRA deferred loan; and,

WHEREAS, Joseph Hughes (60% owner) and JF Development LLC (40% owner) have been approved for a new first mortgage loan not to exceed approximately \$997,405, with 7.25% interest for up to 10 years; and,

WHEREAS, the new owners of the project request that the existing HRA deferred loan be subordinated to the buyer's First Priority Loan; and,

WHEREAS, on September 10, 2024, the PED Credit Committee reviewed and approved the extension of the loan terms, the loan assumption, and the subordination of the HRA debt.

WHEREAS, in exchange for the subordination of the HRA debt, the new owners agree to a declaration of covenant to keep the building as low income and affordable for tenants earning at or below 60% AMI, for a period through September of 2029.

WHEREAS, PPL has provided the HRA with a relocation plan for existing tenants in good standing, and;

WHEREAS, the buyers agree that existing tenants in good standing who desire to lease at 1068 Raymond Avenue after the sale will be honored, and;

WHEREAS, such agreements are defined in the assumed mortgage, note and loan agreement, and;

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

1. Authorizes the extension of the loan terms through September of 2029 and increasing the rents from 50% to at or below 60% AMI;
2. Approval of a declaration of covenants that will continue to keep the building affordable to tenants at or below 60% AMI from October of 2024 through September of 2029;
3. Approval of a Relocation Agreement with the current owner for the project at 1068 Raymond Avenue;
4. Approval of the Assumed Mortgage, Note and Loan agreement and subordination of the HRA loan to the First Priority Loan; and
5. 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.