

# HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

**REPORT TO THE COMMISSIONERS**

**DATE: APRIL 3, 2024**

**REGARDING: AMENDMENT TO NATURALLY OCCURRING AFFORDABLE HOUSING  
(NOAH) PRESERVATION PROGRAM GUIDELINES AND PRIORITIES.**

## **Requested Board Action**

Approval of amendment to Naturally Occurring Affordable Housing (NOAH) Preservation Fund program guidelines and priorities.

## **Background**

The Saint Paul NOAH Preservation Fund supports acquisitions of naturally occurring affordable housing (NOAH) rental properties by providing 0% interest deferred subordinate mortgages as gap financing.

On November 8, 2023, the program guidelines were approved and \$3,000,000 was allocated to the Fund.

In a staff report on March 20, 2024, the HRA Board requested review of and opportunity to provide feedback on the scoring matrix that will be used to score projects based on the identified preservation priorities. Based on received feedback, staff recommend revising the Affordable Housing Preservation Priorities as follows:

- Properties with a greater number of units in a building or assembled in a portfolio available for sale through a single closing
- Properties with a feasible plan for a limited equity cooperative or other form of community ownership as described by the applicant
- Acquisition of properties by small and emerging developers and owner/operators. Developers who participated in the City's Emerging and BIPOC Developer Training and Engagement Initiative, or in other community initiatives for emerging developers, such as the ULI Real Estate Diversity Initiative (ReDI), LISC Developers of Color Cohort, Greater

Minnesota Housing Fund Emerging Developers program, etc. are encouraged to apply for funding.

- Deeper commitment to restricted rent requirements, either through longer period of affordability (e.g. 30 years) or more deeply affordable units, i.e. 30% AMI or 50% AMI units
- Applications that maximize outside leverage such as mortgage financing, equity, or philanthropic sources and have lower subsidy per unit
- Property owner experience with, and a plan to participate in, programs which provide housing opportunities to individuals with housing barriers such as criminal history.

The HRA Board will receive regular reports after each loan closing, as well as an annual report on all approved NOAH Acquisition loans.

Loan repayment will be deferred for the term of the loan, with a minimum term of 20 years and a maximum term of 30 years, with an interest rate of 0%. Loan amounts will be set based on the financial underwriting and gap analysis for individual projects, with a maximum loan amount of \$25,000 per unit preserved at 60% of Area Median Income (AMI), \$45,000 per unit preserved at 50% of AMI and \$60,000 per unit preserved at 30% of AMI. In total, staff anticipates that the initial funding allocation of \$3,000,000 will enable a total of 3-5 project awards in the first year, with a mix of small and large project awards intended to balance the goal of preserving as many affordable units as possible with the separate goal of building community wealth through opportunities geared towards emerging developers and owner operators.

**Budget Action:** N/A

**Future Action:** N/A

**Financing Structure:** Future loans will be approved based on the structure proposed in the NOAH Loan Fund guidelines.

**PED Credit Committee Review**

Approved by Credit Committee on 10/31/2023

**Compliance**

The following compliance requirements may apply:

Two-bid Policy, Affirmative Action, Sustainability Initiative.

**Green/Sustainable Development:** N/A

**Environmental Impact Disclosure:** N/A

**Historic Preservation:** N/A

**Public Purpose/Comprehensive Plan Conformance:**

The NOAH Preservation Fund meets objectives of the Housing chapter of the City's 2040 Comprehensive Plan, including the following Policies in particular:

- H-16 – Increase housing choice across the city to support economically diverse neighborhoods.
- H-21 – Promote shared-equity ownership options, such as land trusts or cooperatives, to help make homeownership achievable for a greater number of households.
- H-23 – Collaborate with the lending community on development of culturally appropriate mortgage products and other lending instruments that create an avenue to access financial capital for all of Saint Paul's cultural communities.
- H-26 – Increase awareness around tenant and landlord rights, responsibilities, best practices and resources to increase access to rental units and decrease conflicts that could lead to evictions.
- H-29 – Support efforts and/or legislation to discourage renter displacement due to a change in ownership that increases rents and/or eliminates acceptance of Section 8 vouchers.
- H-30 – Support efforts to reduce non-just cause evictions filings.
- H-32 – Continue to use City/HRA resources to support affordable rental housing citywide with at least 30 percent of the total rental units (both market-rate and affordable) financially assisted by the City/HRA being affordable to households earning 60 percent or less of AMI.
- H-38 – Encourage acquisition, if put up for sale, of naturally-occurring affordable housing by nonprofit organizations, community development corporations, religious institutions, tenants and/or private-sector actors committed to preserving and investing in affordable housing, as well as the long-term upkeep and maintenance of these properties.
- H-39 – Promote preservation of existing income-restricted affordable housing units to ensure continued affordability of those units.
- H-41 – Consider use of official controls to require affordable housing to achieve mixed-income neighborhoods.

**Statement of Chairman (for Public Hearing):** N/A, no public hearing.

**Recommendation:** Staff recommends (1) approval of amendment to the Naturally Occurring Affordable Housing (NOAH) Preservation Fund program guidelines and priorities.

**Sponsored by:** HRA Board Chair Noecker

**Staff:** Dean Porter-Nelson, 266-6652

**Attachments**

- Program Guidelines – Redlined Version
- Program Guidelines – Clean Version
- Scoring Matrix