

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

REPORT TO THE COMMISSIONERS

DATE: MAY 8, 2024

REGARDING: RESOLUTION APPROVING THE ISSUANCE BY THE CITY OF BROOKLYN PARK OF CONDUIT MULTIFAMILY HOUSING REVENUE BONDS ON BEHALF OF BROOKLYN PARK AH II, LLLP USING, IN PART, RECYCLED BONDING AUTHORITY FROM THE DALE STREET PROJECT, 313 DALE STREET NORTH, DISTRICT 8, WARD 1

Requested Board Action

The purpose of this report is to request the HRA Board to approve a resolution authorizing and approving the issuance of conduit revenue bonds by the City of Brooklyn Park using, in part, recycled bonding authority from the repayment of bonds from the Dale Street project for a 175-unit affordable housing project located in the City of Brooklyn Park, Minnesota (the “Issuer”) through the execution of a Joint Powers Agreement (the “Agreement”).

Background

In January 2023, the HRA issued \$13,095,000 in tax-exempt housing revenue bonds for the Dale Street Place apartment complex located at 313 Dale Street North in Ward 1 (the “Project”). The bonds were issued for Trellis to acquire and renovate the 150-unit project, which is now complete and fully occupied preserving housing for seniors with incomes at or below 50% of the area median income (AMI) for 30 years.

On June 1, 2024, Trellis will be paying off the construction period loan for the Project and federal law permits the recycling of bonding authority, that would otherwise expire, for affordable housing projects and treats the reuse as a refunding for tax purposes in certain limited circumstances related to the timing of when the original bonds were issued, when they can be refunded, and when the new bonds mature.

The recycling provides access to tax-exempt interest rates but does not generate new 4% Low Income Housing Tax Credits (LIHTC), resulting in lower debt payments. PED Staff has evaluated all the Saint Paul projects in the pipeline, and none are able to meet the restrictive timeline that

this opportunity requires. Therefore, staff is recommending that we enable the recycled bonds to be utilized outside of our city.

The HRA has received a request from Real Estate Equities (REE) to utilize recycled bonds for a project located in the city of Brooklyn Park. The development, named Decatur Landing II, will provide housing for 175 households earning 30%-70% of the Area Median Income, with apartment homes ranging from 1-3 bedrooms, with 9 units affordable at 30% AMI.

The proposed resolution will authorize up to \$50,000,000 in total bonds to be issued by the City of Brooklyn Park, however, the Agreement will limit the amount of recycled bonds to no more than \$13,095,000. The HRA will collect a closing fee equal to 0.25% of the amount of bonds issued with Saint Paul's recycled bonding authority.

Budget Action

N/A

Future Action

The City Council will consider a companion resolution on this same date.

Financing Structure

The proposed conduit revenue bonds will be issued by the City of Brooklyn Park and will be payable solely from revenues of the Brooklyn Park project and shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA or the City.

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

N/A

Statement of Chairman (for Public Hearing)

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of approving the City of Brooklyn Park to issue up to \$50,000,000 in conduit housing revenue bonds, using, in part, recycled bonding authority from the repayment of bonds from the Dale Street project. Notice of time, place, and purpose of this hearing was published in the Pioneer Press, a newspaper of general circulation in the City on the 22nd of April 2024. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

The Executive Director recommends the HRA Board approve the resolution authorizing the issuance of the conduit revenue bonds and the execution of a Joint Powers Agreement.

Sponsored by: Chair Noecker

Staff: Jenny Wolfe, 651-266-6680