

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

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 5, 2025

**REGARDING: APPROVING AND AUTHORIZING THE CDBG LOAN EXTENSION FOR
RAMSEY HILL APARTMENTS, DISTRICT 8, WARD 1**

Requested Board Action

The specific actions requested of the Board are:

1. Approval of the extension of the Community Development Block Grant (CDBG) loan and affordability terms through December 15, 2031, for the Ramsey Hill project; and
2. Authorization to draft, amend, and execute loan documents in order to carry out the loan and affordability term extension as described in this report.

Background

Ramsey Hill Apartments (“Project”) is a scattered site portfolio consisting of 6 buildings located in the Cathedral Hill neighborhood. Three of the buildings are in the 200 and 400 blocks of Marshall Avenue with the other half in the 400 and 600 blocks of Dayton Avenue located at 232 Marshall Ave, 478 Marshall Ave, 486 Marshall Ave, 432 Dayton Ave, 436 Dayton Ave, and 658 Dayton Ave, St Paul, MN 55104 (“Properties”). The buildings were constructed in the 1920s, excepting one that was built in 1884. Trellis Co. (“Trellis”) is the developer. Affiliated entity, Trellis Management Co. managed Ramsey Hill since 1995. Trellis Co. acquired the property in 2014 and is affiliated with both entities that have owned or currently own the property since 1995: Ramsey Hill Limited Partnership (“Ramsey Hill LP”) and CHDC Ramsey Hill LLC (“CHDC Ramsey Hill”).

In 1995, the HRA issued two deferred loans and Low-Income Housing Tax Credits (LIHTC) to Ramsey Hill Limited Partnership, in partnership with Brighton Development Corporation, for the acquisition and rehabilitation of the Project. The first deferred loan was for \$250,000 of HOME Investment Partnerships Programs (HOME) funds (“HOME Loan”). The HOME Loan was issued with a 7% interest rate and 30-year term after an initial affordability period of five years, with the term set to mature on December 15, 2031. The second deferred loan was for

\$688,949 of Community Development Block Grant (CDBG) funds (“CDBG Loan”). The CDBG Loan was issued with a 1% interest rate and 30-year term set to mature on December 21, 2025.

In 2015, upon conclusion of the initial 15-year LIHTC term, general partner Brighton Development Corporation chose to exit the project and transition ownership and management to CHDC Ramsey Hill. By Resolution 15-123, CHDC Ramsey Hill assumed the CDBG Loan and HOME Loan.

The CDBG note is secured by a combined second mortgage on the portfolio alongside loans from the Minnesota Housing Finance Agency (“MHFA”) and Family Housing Fund (“FHF”). The maturity date listed on the CDBG note is January 1, 2025, while the maturity date on the MHFA and FHF notes is December 21, 2025, which aligns with the combined second mortgage. The requested action will align maturity dates and correct this inconsistency. The LIHTC affordability requirements are secured with a land use regulatory agreement (LURA), which is active through December 2026 with a three-year tenant protection period through 2029.

On December 15, 2031, the HOME loan will mature. It is very likely Trellis Co. will be prepared to proceed with refinancing prior to the end of 2031, likely within the first few years of the 6-year extension. Extending the CDBG loan through December 15, 2031 (along with the MHFA and FHF loans), to align with the HOME loan will simplify loan servicing, streamline the refinancing process and give Trellis time to develop their refinancing plan.

In present day, all 54 units have affordability restrictions. The LIHTC requirement of at least 40% of units rent and income restricted at 60% Area Median Income (AMI) is still in place

Budget Action

There is no budget action associated with this item.

Future Action

Future HRA Board action may include associated gap financing requests for Ramsey Hill’s refinance over the next six years.

Financing Structure

The City of Saint Paul HOME loan is in first lien position with a maturity date of December 15, 2031. There is a combined second mortgage covering three loans with maturity dates of December 21, 2025. The combined mortgage includes the City of Saint Paul CDBG loan, MHFA, and FHF. Trellis submitted extension requests to MHFA and FHF as well. All terms except for the maturity date are proposed to stay the same. Financing terms will be revisited as part of refinance underwriting.

The original loan documents from 1995 and the assignment and assumption documents from 2015 did not include a recorded declaration of covenants to restrict the housing affordability requirements. Given the LIHTC land use regulatory agreement (LURA) restrictions will end prior to the end of the 6-year extension period, MHFA will draft, execute, and record a declaration of covenants to outline the HRA, MHFA, and FHF rent and income requirements, continuing affordability restrictions through 2031.

PED Credit Committee Review

The PED Credit Committee reviewed and recommended approval of this loan modification request on October 7, 2025, and confirmed the loan should continue to be risk rated as “Originated as Loss” due to the deferred payment structure.

Compliance

No compliance areas apply to this item at this time. HREEO will be consulted prior to any construction affiliated with future refinancing.

Historic Preservation

No historic preservation requirements apply to this item at this time. Four of the six Properties are in local, state, and/or national historic districts. Blumentals Architecture, Trellis’ architecture partner for Ramsey Hill, will incorporate historic rehabilitation needs into future work plans as required.

Public Purpose/Comprehensive Plan Conformance:

The Ramsey Hill project preserves 54 units of affordable, historic housing in a neighborhood experiencing ongoing displacement. About a quarter of units currently provide critical supportive housing services for people with disabilities and people experiencing recent homelessness.

Maintaining the affordability of the Properties prevents further gentrification as smaller scale buildings like those in this portfolio can be common targets for demolition. Further, preserving these existing structures reduces greenhouse gas emissions from new construction, protects historic architecture, and preserves housing choice by making 54 homes available to lower income families in an area with numerous amenities.

The following policies from the 2040 Comprehensive Plan Housing Chapter highlight how Ramsey Hill is in alignment with the Comprehensive Plan:

- Policy H-10. Encourage the use of energy efficient mechanical systems and building products in rehabilitation and new construction to decrease building operation costs and impacts on the environment. (p. 132)
- Policy H-16. Increase housing choice across the city to support economically diverse neighborhoods by pursuing policies and practices that maximize housing and locational choices for residents of all income levels. (p. 132)
- Policy H-18. Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing and housing for people experiencing homelessness. (p. 132)
- Policy H-27. Collaborate with HUD, Minnesota Housing Finance and affordable housing providers to preserve project-based Section 8 units within the city that are at risk of being withdrawn from a building or transferred to another building outside of Saint Paul. (p. 136)
 - 4 units with HUD Section 811 PRAC services for people with disabilities are at risk of losing federal subsidy due to low quality of units.
- Policy H-36. Encourage the development of family-sized affordable housing in strong market areas. (p. 137)
 - 12 of 54 units (22%) have 2 or 3 bedrooms to accommodate larger households.
- Policy H-37. Encourage the development of affordable housing in areas well-served by transit and/or in proximity to employment centers. (p. 137)
 - Cathedral Hill is in proximity to downtown Saint Paul and the Selby Avenue commercial corridor for employment opportunities.
 - The project is located near transit lines including the METRO B Line bus rapid transit and the 72 bus.

- Policy H-39. Promote preservation of existing income-restricted affordable housing units to ensure continued affordability of those units. (p. 137)
 - All 54 units are existing income-restricted affordable housing units and will not be able to continue to be held affordable if this loan extension, and eventual refinancing, does not occur.
- Policy H-40. Prioritize preservation of income restricted and naturally-occurring affordable housing in areas with improved/improving transit and/or planned reinvestment to reduce resident displacement. (p. 137)
 - According to past HRA research, the Cathedral Hill area where Ramsey Hill is located has been experiencing ongoing resident displacement due to rising housing costs.
- Policy H-42. Pursue public and private funding sources, including local sources, for affordable housing preservation and production. (p. 137)
 - Ramsey Hill is exploring all funding sources, including opportunities from Minnesota Housing Finance Agency and Ramsey County.
- Policy H-45: Support the preservation and maintenance of historic housing stock as an affordable housing option. (p. 137)
 - Ramsey Hill is an example of filtering, wherein housing becomes outdated over time in terms of amenities (e.g. in-unit laundry, central air conditioning) and thus is priced lower than newly constructed building units. Over time, units in these ‘historic’ buildings become more affordable. This is one method of how affordable housing is developed over time. Continuing to invest in projects like Ramsey Hill capitalizes on existing market features that benefit the HRA’s affordability goals while still providing quality, safe, and healthy housing.
 - The eventual refinancing plan incorporates full rehabilitation of all 6 buildings to ensure the units remain safe and habitable and the buildings benefit from security and energy upgrades.

Recommendation: The Interim Executive Director of the HRA recommends approval of the actions outlined in this report.

Sponsored by: Commissioner Bowie

Staff: Libby Logsden , (651) 266-6624

Attachments

- **Map**
- **Public Purpose Summary**
- **District 8 Profile**