

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 2, 2024

REGARDING: RESOLUTION RECOMMENDING APPROVAL BY CITY COUNCIL OF AN AMERICAN RESCUE PLAN ACT (SLFRF) LOAN IN THE AMOUNT OF \$4,900,000; AND RECOMMENDING APPROVAL BY CITY COUNCIL OF A METROPOLITAN COUNCIL LIVABLE COMMUNITIES DEMONSTRATION ACCOUNT LOAN IN THE AMOUNT OF \$575,000, ALL TO DEVELOP A MULTI-FAMILY HOUSING PROJECT AT 2260 BOHLAND AVENUE, DISTRICT 15, WARD 3

The purpose of this report is to request the Housing and Redevelopment Authority (HRA) Board of Commissioners to approve the attached Resolution recommending approval of an SLFRA ARPA Loan in the amount of \$4,900,000 and a Met Council LCDA Loan in the amount of \$575,000 by and between the City of Saint Paul and CB Ford Site II Limited Partnership.

Background

On December 4, 2019, the Saint Paul City Council and HRA Board approved a redevelopment agreement with Project Paul, LLC (a subsidiary of Ryan Companies) for the redevelopment of the Ford site, now known as “Highland Bridge”, (RES 19-2066 and RES PH 19-388) (the “Agreement”). Terms of the Agreement were based on the vision laid out in the Ford Master Plan, approved in 2017, and included affordable housing goals for the entire site. These goals were memorialized in the Agreement with Project Paul LLC and require that at least 20% of all housing units (or approximately 760) constructed be affordable at various affordability tiers and with a mix of rental and owner-occupied housing. Of these 760 affordable housing units approximately 5% (190 units) are to be affordable to households earning 60% of Area Median Income (AMI), 5% (190 units) affordable to households earning 50% AMI, and 10% (380 units) to households earning 30% AMI.

Ryan Companies selected CommonBond Communities (the “Developer”) to construct several of the affordable housing developments on the Highland Bridge site. The first project that CommonBond completed, called The Lumin, is located at 830 Cretin Avenue. The Lumin at Highland Bridge is a five-story building with 60-units of affordable rental housing restricted to

senior households aged 55 and over. This building includes 48 one-bedroom units and 12 two-bedroom units. The building includes a lobby, on-site management offices, an activity room, community room with kitchen, individual storage units, bike storage, and both surface and covered parking tucked behind the building.

CommonBond is ready to construct a second affordable housing development at Highland Bridge that will be located a few blocks to the west of The Lumin, at 2260 Bohland Avenue, referred to as “CB Ford Site II”, and now called “The Harken”. The project will consist of 60 units, in a four-story building with a community room, on-site management office, bike storage, and 38 underground garage spaces.

Unit Mix and Affordability Levels

This project will also serve seniors ages 55 and 62 or older and has 60 rental units that will be affordable at or below the 50% and 30% Area Median Income (AMI) as defined by HUD and therefore low-income housing tax credit (LIHTC) eligible. In addition, 45 units will be further assisted with Federal Project Based Section 8 provided through the Saint Paul Public Housing Authority (PHA) at fair market rents (FMR) and restricted to households earning 30% AMI serving very low-income households. Seven (7) units will be reserved for High Priority Homeless households who are prioritized for permanent supportive housing by the Coordinated Entry System.

Unit Type	# of Bathrooms	# of Units	Unit Sq Ft	Monthly Contract Rent	Rent Limit	Income Limit
1BR	1.00	38	606	1,327	30% FMR	30% AMI
1BR	1.00	5	606	985	30% FMR	30% AMI
1BR	1.00	2	606	734	30% FMR	30% AMI
1BR	1.00	9	606	1,165	50%FMR	50% AMI
2BR	1.00	6	744	1,397	50%FMR	50% AMI

FINANCING

MHFA First Mortgage Loan

Minnesota Housing (MHFA) will provide a \$3,120,000 first mortgage loan upon construction completion. The MHFA loan is expected to have a term of 40 years and a 40-year amortization with an interest rate of 6.625% (subject to change).

LIHTC Tax Credits

The Project will have construction financing provided through tax exempt housing revenue bonds. These bonds will be provided through MHFA and will come with the “Automatic 4%” Low Income Housing Tax Credits (LIHTC). Automatic 4% tax credits come “automatically” for projects with tax exempt revenue bond financing. These credits will also be provided through MHFA.

City ARPA Loan

The City of Saint Paul will provide the project \$4,900,000 in an ARPA/SLFRF loan which will have a 0% interest rate, with both principal and interest deferred for 40 years and will be in second (2nd) collateral position to the LMIR first mortgage.

Met Council LCDA Loan

The City of Saint Paul will provide the project with a loan of \$575,000 from LCDA grant funds that will have a 0% interest rate, with both principal and interest deferred for 40 years and will be in fifth (5th) collateral position.

Ramsey County ARPA

Ramsey County will be providing a \$2,400,000 Capital Improvement (CI) loan which will have a 0% interest rate, with both principal and interest deferred for 40 years and will be in third (3rd) collateral position.

MHFA ERA2 Loan

MHFA will be provide a \$4,165,000 ERA2 Loan which will have a 0% interest rate, with both principal and interest deferred for 40 years and will be in fourth (4th) collateral position.

Deferred Developer Fee

CommonBond Communities will defer a portion of their developer fee for up to 10 years in an amount of approximately \$236,609 to be paid out of cash flow.

Sources and Uses of Funding:

Sources of Funds

First Mortgage	\$ 3,120,000
LIHTC Tax Credit Equity	6,915,888
City ARPA	4,900,000
MHFA ERA2	4,165,000
Sales Tax Rebate	477,737
Energy Rebate	26,459
Ramsey County ARPA	2,400,000
Deferred Developer Fee	236,609
Met Council LCDA	<u>575,000</u>
Total Sources of Funds	\$ 22,816,693

Uses of Funds

Acquisition	\$ 1,180,000
Construction Costs	15,972,682
Professional Services & 3 rd Party Reports	1,761,775
Bond, Tax Credit and Other Financing Costs	1,608,873
Reserves	435,775
Developer Fee	<u>2,000,000</u>
Total Uses of Funds	\$ 22,816,694

HRA Budget Action

None (the loan funds flow from the City).

Future Action

A City Council resolution approving the \$4,900,000 in ARPA funds will be on the October 2, 2024, City Council agenda. LCDA funds were authorized by City Council Resolution No. PH 24-44.

PED Credit Committee Review

On June 25, 2024, the Credit Committee reviewed and approved the terms of both the ARPA and Met Council LCDA loans for the CommonBond project.

Compliance

The following compliance requirements will apply to this project including Vendor Outreach, Affirmative Action, Davis Bacon Wage Rates, Project Labor Agreement, Living Wage, and the Two-Bid Policy.

Green/Sustainable Development

The CommonBond Ford Site II project will comply with Saint Paul Sustainable Development Ordinance.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

1. The Ford Master Plan is in conformance with the Land Use and Housing Chapters of the 2040 Comprehensive Plan, which identifies the site as part of a mixed-use corridor and an opportunity site and a partial contributor to the Highland Village/Ford Site neighborhood node.
2. The Housing TIF District #2 is in conformance with Comprehensive Plan policy H-15 calls for accommodating a wide variety of culturally appropriate housing types for residents at all stages of life and levels of abilities.
3. Comprehensive Plan policy H-16 calls for increasing housing choice across the city to support economically diverse neighborhoods.
4. Comprehensive Plan policy H-37 encourages new affordable housing development near transit and jobs.
Comprehensive Plan policy H-55 calls for the development of housing for older people.

Recommendation:

The Executive Director recommends and requests the HRA Board of Commissioners consider adoption of the attached Resolution which will recommend approval of the Loan Agreements for the CommonBond Ford Site II (The Harken) senior housing project.

Sponsored by: Commissioner Jost

Staff: Diane Nordquist, 651-266-6640

Attachments

- **Presentation**
- **Map**
- **D15 Highland Park Neighborhood Profile**
- **Public Purpose**