

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 14, 2026

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE EXTENSION OF
THE 652 SHERBURNE SPENDING PLAN TIF LOAN, DISTRICT 7, WARD
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Requested Board Action

The specific actions requested of the Board are:

1. Approval of the extension of the Spending Plan TIF loan through June 30, 2026, for the 652 Sherburne project; and
2. Authorization to draft, amend, and execute loan documents in order to carry out the loan extension as described in this report.

Background

652 Sherburne (the “Project”) is a rehabilitation of a vacant building that will produce 6 units of deeply affordable housing. The Project is being led by Model Cities of St. Paul, Inc. (“Model Cities” or the “Developer”), in partnership with Rondo Community Land Trust (“Rondo”) and the Sherburne Collective (the “Collective”). The Collective is made up of Model Cities, Frogtown Neighborhood Association, and Hope Community, Inc. Only Model Cities and Rondo are parties to legal documents pertaining to the financing of this project.

The Project is the result of an RFP the HRA issued in 2020. On May 26, 2021, by Resolution PH 21-130, the HRA granted Tentative Developer Status to the Collective for redevelopment of the property. The proposal envisioned cooperative-style affordable homeownership model. Upon project completion, the units will be rented to qualifying residents. After five years, the units will be sold to qualified buyers and transitioned into ownership.

The Spending Plan TIF loan (authorized via RES PH 23-329) originated as a forgivable loan, in the original amount of \$386,279 with an original maturity date of September 30, 2025. If certain conditions were met by the maturity date, the loan will be fully forgiven. The conditions are:

1. All Affordable Units are leased to Extremely Low-Income tenants; and
2. A jobs report is submitted to the HRA; and
3. A certificate of occupancy is submitted to the HRA.

The Project closed in May 2024, but did not start construction until August 2024 due to permitting delays. Because of the late start and current pace of construction, these conditions were not met, and therefore, Model Cities has requested an extension until December 31, 2025, which was permitted under the Promissory Note. An amendment to the Promissory Note extending the maturity date was executed on September 30, 2025.

The Developer has requested another extension to the maturity date as the project is not on track to have construction completed until the end of January. This timeline means that the loan will become due before the conditions for forgiveness are met; therefore, Model Cities is requesting a further extension until June 30, 2026. This extension will allow the developer time to finish construction, submit a certificate of occupancy, submit a final jobs report, and to lease up the units. A preliminary jobs report must still be submitted to the City along with a tentative ownership model by the end of the year.

The Spending Plan TIF loan documents were authorized by both the HRA and Saint Paul City Council, therefore a companion resolution will be presented to the City Council for approval.

The Developer has submitted a request to waive the loan modification fee in the amount of \$1,931; staff recommends approval of this request.

Budget Action

There is no budget action associated with this item.

Future Action

N/A

Financing Structure

The Spending Plan TIF loan is in second (2nd) lien position with a maturity date of December 31, 2025.

PED Credit Committee Review

The PED Credit Committee reviewed this loan modification request on November 25, 2025, and recommended approval of the extension and confirmed the loan should continue to be risk rated as “Forgivable.”

Compliance

The Developer is complying with required compliance.

Historic Preservation

The Project is adhering to all applicable rules and regulations.

Public Purpose/Comprehensive Plan Conformance:

The developer’s proposed redevelopment will meet the following goals established in the City’s 2040 Comprehensive Plan:

Policy H-7. Reduce overcrowding within housing units, caused by doubling up of households and inadequate space for large families, through the production of small and family-sized affordable housing options.

Policy H-21. Promote shared-equity ownership options, such as land trusts or cooperatives, to help make homeownership achievable for a greater number of households.

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.

Policy 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 committee to preserving and investing in affordable housing, as well as the long-term upkeep and maintenance of these properties.

Policy H-45. Support the preservation and maintenance of historic housing stock as an affordable housing options.

Policy PR-32. Support community gardens and private landscape beautification efforts where physically and financially feasible.

Recommendation: The Interim Executive Director of the HRA recommends approval of the actions outlined in this report subject to City Council approval of a companion resolution.

Sponsored by: Commissioner Bowie

Staff: Hannah Chong, (651) 266-6552

Attachments

- **Map**
- **District 7 Profile**