

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 8, 2025

REGARDING: RESOLUTION APPROVING AND AUTHORIZING \$100,000 LOAN TO LA  
NOIRE BRIDAL, LLC, 5 W 7<sup>TH</sup>, DISTRICT 17, WARD 2

## Requested Board Action

Approve a \$100,000 loan to LaNoire Bridal, LLC for the business' expansion in a new space located at 5 West 7<sup>th</sup> Street. Funds will be used for the buildout, inventory, furniture, finishings, and equipment, marketing and other professional costs.

## Background

In 2022, Lorraine Love opened a new bridal shop in the historic downtown Pioneer Endicott building. Ms. Love has tremendous experience as a wedding and event planner, and as a freelance hair and makeup artist. She built on that experience to fulfill an unmet demand she saw first-hand and opened her own bridal shop, LaNoire Bridal.

LaNoire Bridal offers a unique experience to the existing landscape of bridal shops in the greater Minneapolis-St. Paul metro area. Most bridal shops place focus on the traditional gown of American culture. The LaNoire Bridal focus extends beyond the cultural norm, exploring attire that represents a variety of cultures as well as traditional American. LaNoire Bridal's approach of serving diverse clientele was featured in the Star Tribune article, "[As weddings boom, diverse Twin Cities vendors connect to reach multicultural couples.](#)"

LaNoire Bridal saw growth in its first two years, and it became clear the shop's small size limited growth and the ability to carry the selection of inventory needed to serve a variety of brides. In addition, the small space limited the amount of inventory LaNoire could carry which hindered the ability to fulfill the vision for LaNoire Bridal.

In 2024, LaNoire's lease expired in the Pioneer Endicott building. Ms. Love and her new business partner, Jonathan Feliciano, did not extend the lease when it expired and chose to relocate in a larger space with greater visibility. Ms. Love and Mr. Feliciano signed a lease for a ground floor, downtown corner location at 5 West 7<sup>th</sup> Street in the Fitz Flats Building. The space is nearly twice the size of the original location and offers tremendous visibility. As a result of the expansion, LaNoire Bridal will create two part-time jobs in the first year of operations.

The ground floor commercial space in the Fitz Flats building has been completely renovated by the landlord, and the landlord's improvements will be complete in December. Additional buildout is the responsibility of LaNoire Bridal. To finance the expansion, LaNoire Bridal received a \$250,000 SBA loan from Drake Bank . About \$158,000 of the SBA loan consolidated and refinanced existing debt. After fees and closing costs were paid, \$89,300 remained for build-out of the space and working capital needs, therefore a gap exists. LaNoire Bridal has been unable to secure additional financing due to this existing debt and the requirement that any additional financing be subordinate to the SBA loan. In addition to build-out costs, LaNoire Bridal needs financing to purchase furnishings, expand inventory, marketing, and other professional fees.

The original loan request was for \$131,564, however, for the loan to be appropriately sized for business success, the full request was not supported. After analyzing the loan request, staff recommended a \$100,000 loan, which leaves a financial gap of \$31,564. **The loan is contingent on the borrower securing a non-debt source to fill the gap.**

#### **Budget Action**

This loan will be funded from fiscal year 2025 budgeted funds.

#### **Future Action**

N/A

#### **Financing Structure**

The total expansion cost is \$263,127 and Ms. Love will invest \$42,263 in equity. The HRA loan of \$100,000 is 38% of project costs and owner equity is 16%. Ms. Love is exploring funds to close the final gap.

The following tables show the project’s proposed financial sources and uses:

Sources	Amount
SBA Loan	\$ 89,300.00
Equity	\$ 42,263.00
HRA Loan	\$ 100,000.00
<b>Current gap</b>	<b>\$ 31,564.00</b>
Total	\$ 263,127.00

Uses	Total
Leasehold improvements	\$ 107,000.00
FF&E	\$ 17,300.00
Inventory	\$ 61,227.00
Professional Fees	\$ 10,300.00
Future Rent	\$ 33,600.00
Past obligations	\$ 20,000.00
Working Capital	\$ 13,700.00
Total	\$ 263,127.00

The HRA loan will have a 10-year term, with no principal or interest due the first two years and fully amortizing over the remaining eight years at a 3% interest rate.

**PED Credit Committee Review**

The Credit Committee reviewed the loan request on November 26, 2024. The Credit Committee approved the loan of \$100,000 with the above stated terms **under the condition the gap of \$31,564 be filled with a non-debt source.** The loan was given a Risk Rating of Vulnerable.

**Compliance**

Labor Standards, Vendor Outreach Program, Affirmative Action, and Two-Bid Policy are the compliance requirements that apply to this project.

**Green/Sustainable Development**

The scope of the project and amount of public support are below the minimums required for Green Building Policy.

**Environmental Impact Disclosure**

The project does not generate environmental impacts.

### **Historic Preservation**

The Fitz Flats building is historically significant, though interior build-out does not impact historic preservation.

### **Public Purpose/Comprehensive Plan Conformance**

The Project, which is consistent with the Comprehensive Plan, will accomplish a number of public purposes, including:

- Create permanent jobs.
- Redevelop a vacant storefront adding commercial activities to downtown.
- Strengthen the tax base of Saint Paul.

### **Recommendation:**

The Executive Director and staff recommend approval of the attached resolution authorizing a \$100,000 loan to LaNoire Bridal, LLC. **contingent on the borrower securing a non-debt source to fill the \$31,564 gap.**

**Sponsored by:** Commissioner Noecker

**Staff:** Annie Byrne, 266-8567

### **Attachments**

- Public Purpose
- Map