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

REPORT TO THE COMMISSIONERS **DATE: SEPTEMBER 3, 2025**

REGARDING: **RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF CONDUIT MULTIFAMILY HOUSING REVENUE BONDS; APPROVING RELATED DOCUMENTS; ADOPTING A RELATED HOUSING PROGRAM; AUTHORIZING AND RECOMMENDING APPROVAL OF FINANCING OF A COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN; AUTHORIZING AND RECOMMENDING APPROVAL OF FINANCING OF A AMERICAN RESCUE PLAN ACT EMERGENCY RENTAL ASSISTANCE (ERA2) LOAN; AND EXECUTION OF THE LOAN AGREEMENTS AND RELATED DOCUMENTS FOR THE JOSEPH'S POINTE AT UPPER LANDING PROJECT; DISTRICT 9, WARD 2**

Requested Board Action

The specific actions being requested of the HRA Board are as follows:

1. Approval of a maximum of $13,000,000 in volume cap conduit multifamily housing revenue bonds for the Joseph's Pointe project located at 200 Wilkin Street; adoption of a Housing Program; and approval of the execution of related documents; and,
2. Recommending authorization of financing for a new Community Development Block Grant (CDBG) loan in the amount of $1,358,842.03; and,
3. Recommending authorization of financing for a new American Rescue Plan Act Emergency Rental Assistance (ERA2) loan in the amount of $241,157.97.

Background

Joseph's Pointe is an existing 4-story multifamily, approximately 154,000 square feet development located at 200 Wilkin Street. There are ninety (90) units with a mix of seventy-four (74) two-bedrooms and sixteen (16) three-bedrooms. Parking includes eighty-eight (88) subsurface stalls and ten (10) surface stalls.

It was developed by Shelter Corporation in 2004 using Low-Income Housing Tax Credits (LIHTC). All the units are rent- and income- restricted by a Land Use Restrictive Agreement (LURA) to 60% of Area Median Income (AMI). In 2019, the building entered its Extended Use

Period, which extends the compliance period by 15 years until 2034. In addition to the LURA, the building has a total of 15 units that are reserved for project-based vouchers and income restricted to 30% of AMI. These units are secured with a Home Assistance Payment (HAP) contract and a Minnesota Families Affordable Rental Investment Fund Program (MARIF) Declaration. The MARIF expires in 2034, and the HAP was extended another 20 years in 2024 for fifteen (15) units.

Schafer Richardson, the developer, is requesting up to $13,000,000 of conduit multifamily revenue bonds and $1,600,000 in gap funding to maintain affordability past 2034 while also addressing deferred and ongoing maintenance issues. The rehabilitation will include a new solar ready roof, window repairs, HVAC replacement in common areas, water heater replacement, various mechanical work, plumbing, electrical improvements, and more.

Below is a description of unit types, rents, and income restrictions based on the proposed new funding.

Unit Type	# of Units	Rent Limit	Income Limit
2BR	12*	60%	30%
2BR	62	60%	60%
3BR	3*	60%	30%
3BR	13	60%	60%

**Project-based voucher units*

All ninety (90) units will be affordable at 60% of AMI until 2066 or 32 years after the expiration of the original LURA. Fifteen (15) units will be affordable at 30% of AMI for at least 20 years.

Budget Action

The requested budget action to designate up to $1,358,842.03 in CDBG funds will go through City Council for approval via an Administrative Order at a later date.

This is a conduit bond issue. The bonds shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA, City of Saint

Paul, or any agency or political subdivision thereof, and shall not constitute indebtedness of any of the foregoing within the meaning of any constitutional, statutory, or charter provision, nor be a charge against their respective general assets, credit or taxing powers, and do not grant the owners or holders of the bonds any right to have the HRA, City of Saint Paul or any agency or political subdivision thereof to levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Principal and interest on the bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents."

Future Action

N/A

Financing Structure

The proposed financing will enable the property to address deferred maintenance issues while preserving long-term affordability. Without this support, the expiration of the LURA in 2034 could jeopardize affordability. At that time, the property will lack sufficient cash flow for necessary rehabilitation without raising rents to market rates.

Schafer Richardson is requesting up to $13,000,000 of conduit multifamily housing revenue bonds and $1,600,000 in gap funding. The proposed gap financing is $1,358,842.03 in a Community Development Block Grant (CDBG) loan and a $241,157.97 Emergency Rental Assistance (ERA2) loan. Outside funding sources include a Federal Housing Administration (FHA) first mortgage, a General Partner loan, deferred developer fee, and tax credit equity.

Conduit Multifamily Housing Revenue Bonds

There is a total not to exceed of $13,000,000 of bond authority being requested. The conduit multifamily housing revenue bonds would be issued by the HRA to acquire and rehabilitate the property.

Colliers Securities LLC are serving as underwriters. The Series 2025 Bonds are tax-exempt fixed rate revenue bonds, with a maturity date of November 1, 2028, approximately three (3) years from closing; but include an initial mandatory tender date of November 1, 2027, approximately two-years post-closing. The expected interest rate is 3.00%. The final rate is subject to the market at the time of sale. The bonds are secured by proceeds from the FHA Mortgage Loan that will be deposited into the Collateral Fund at closing. The bond rating is expected to be Aaa by Moody's Investors Service. The Bonds will be publicly offered and sold in minimum denominations of $5,000 to both retail and institutional investors.

Low Income Housing Tax Credits

4% Low Income Housing Tax Credits (LIHTC) will be used to raise equity for the project. The project will need to meet the "50%" test" that is required to receive the automatic 4% tax credits. This means at least 50% of the eligible total development costs must be initially financed with bond proceeds.

The limited partner, PNC Bank, will purchase the credits for $0.81 per dollar, totaling $5,419,691 in syndication proceeds. All 90 units will be restricted to 60% of AMI, which meets LIHTC affordability requirements.

FHA Insured Mortgage Loan

The senior mortgage will be an FHA Insured Mortgage Loan financed through the U.S. Department of Housing and Urban Development (HUD) 221(d)(4) Substantial Rehabilitation Mortgage Loan in an amount of approximately $12,000,000. The final amount is subject to final underwriting and rate lock. The interest rate is 6.05% (final rate is subject to market). The loan will mature in forty (40) years and amortization period is also forty (40) years.

General Partner Loan

A General Partner Loan in amount of $1,000,000 will be in the second (2nd) lien position. The loan is anticipated to be paid back through cash flow before the end of the initial tax credit compliance period.

CDBG Loan

A CDBG loan from the City of Saint Paul in an amount of $1,358,842.03 will be in the third (3rd) lien position. The proposed maturity term is up to 42 years with a one (1%) percent simple interest rate. Payments will be deferred for 11 years. Once commenced, the payments due will be dependent on surplus cash as defined by the HUD Regulatory Agreement for Multifamily Projects. Surplus cash will not be generated until full repayment of the General Payment Loan and deferred developer fee (which full repayment is expected in the 11th year). The loan will require a 40-year affordability period with all units affordable at 60% of AMI.

ERA2 Loan

A loan using the remaining $241,157.97 from the ARPA ERA2 funds will be in the fourth (4th) lien position. The proposed maturity term is up to 42 years with a one (1%) percent simple interest rate. Payments will be deferred for 11 years. Once commenced, the payments due will be dependent on surplus cash as defined by the HUD Regulatory Agreement for Multifamily Projects. Surplus cash will not be generated until full repayment of the General Partner Loan and deferred developer fee (which full repayment is expected in the 11th year). The loan will require a 20-year affordability period with fifteen (15) units affordable at 50% of AMI.

Deferred Developer Fee

The Developer is deferring $548,002 of the $1,136,109 developer fee or 48% of the total fee.

Permanent Sources	
FHA First Mortgage	$12,000,000
Syndication Proceeds	$5,419,691
City of St. Paul CDBG	$1,358,842
City of Saint Paul ERA2	$241,157
Available Cashflow During Construction	$575,308
Deferred Development Fee	$548,002
Subordinated Loan	$1,000,000
HUD Bond Interest Earnings	$484,493
Total Permanent Financing	**$21,627,494**

Uses	

Acquisition	$12,000,000
Rehabilitation	$3,857,926
Contractor Fees	$300,704
Contingency	$415,900
Professional Fees / Soft Costs	$1,037,650
Developer Fee	$1,136,109
Syndication Fees	$209,219
Financing Fees	$1,821,969
Total Mortgageable	**$20,779,477**
Reserves and Non-Mortgageable	$848,018
Total Development Cost	**$21,627,495**

PED Credit Committee Review

The PED Credit Committee reviewed the proposal for conduit bonds on August 26, 2025 and found it to be consistent with the HRA/PED's conduit bond policy and recommended the proposed terms for the CDBG and ERA2 loans.

Compliance

The Applicant has signed the 1st compliance letters regarding this project. The project will comply with the following programs and/or requirements: Vendor Outreach Program, Affirmative Action, Labor Standards, Project Labor Agreement, Sustainable Building Policy, Two Bid Policy, and Compliance Agreement for Conduit Bonds.

Green/Sustainable Development

The Sustainable Building Ordinance is applicable to this project.

Environmental Impact Disclosure

A consolidated environmental review under Part 50 is underway by HUD.

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

The proposed project will rehabilitate an existing building and maintain affordability for 90 units. The Project meets the following goals established by the City's 2040 Comprehensive Plan:

- Housing Policy H-2: Address housing deficiencies and encourage reinvestment in residential properties by supporting maintenance and rehabilitation programs for property owners.
- Housing 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.
- Housing Policy H-32: Continue to use City/HRA resources to support affordable rental housing citywide with at least 30 percent of the total rental units (both market-rate and affordable) financially assisted by the City/HRA being affordable to households earning 60 percent or less of AMI with at least:
    - 10 percent of all units being affordable to households earning 30 percent of AMI;
    - 10 percent of all units being affordable to households earning 50 percent of AMI; and
    - 10 percent of all units being affordable to households earning 60 percent of AMI.
- Housing Policy H-39: Promote preservation of existing income-restricted affordable housing units to ensure continued affordability of those units.
- Housing Policy H-42: Pursue public and private funding sources, including local sources, for affordable housing preservation and production.

Recommendation:

The Executive Director recommends approval of one or more resolutions which approves the following actions:

1. Approval of the resolution authorizing final approval for the HRA to issue up to $13,000,000 in conduit multifamily housing revenue bonds for the benefit of Wilkin Street LLLP and/or affiliated entities, to assist in the financing of the Joseph's Pointe acquisition and rehabilitation project.
2. Recommend City Council approval of a CDBG loan through an Administrative Order in an amount of up to 1,358,842.03.

3. Recommend City Council approval of a loan using remaining ARPA ERA2 funds in an amount up to $241,157.97.
4. Authorize the entrance into loan agreements, and related documents with Schafer Richardson, Wilkin Street LLLP and/or affiliated entities.
5. Upon approval by the City Council, authorizing the Executive Director or her designees to finalize all documents for execution by the appropriate HRA Officers in connection with the Joseph’s Pointe project.

Sponsored by: Commissioner Rebecca Noecker

Staff: Hannah Chong, 651-266-6552

Attachments

- **Map**
- **Neighborhood Profile**