



STPAUL.GOV

CITY OF SAINT PAUL

# LISC CAT Fund MPA Amendment Request



## **LISC Community Asset Transition (CAT) Fund Background**

- Launched in 2021, LISC Twin Cities' CAT Fund provides flexible, affordable capital to acquire and redevelop commercial and residential properties in cultural districts impacted by civil unrest and COVID-19. The fund combines LISC debt with mission-driven investments to secure key properties and support community-led transformation and ownership.
- Projects eligible for CAT Fund can be anywhere citywide with priority areas of Hamline-Midway (Little Africa); Frogtown-Rondo; Little Mekong; and East 7th cultural districts.
- The LISC CAT fund has provided funding to these Saint Paul projects: 30,000 Feet at 1351 Arcade (\$369,704), New Verticals (Kali Terry) at 8 Winter St. (\$540,000), and WalkerWest Music Academy at 650 Marshall (\$2,475,000)



## **LISC CAT Fund Program Goals**

- Produce healing, ownership, and generational wealth for those impacted by the civil unrest following the death of George Floyd.
- Support the economic recovery and resiliency of businesses in cultural districts;
- Promote anti-displacement of businesses and residents in the districts;
- Create opportunities for community/cooperative ownership and alternative investment vehicles;
- Engage artists, creatives, and arts-based organizations as partners in the visioning and transformational rebuild;
- Support the creation and preservation of affordable housing and commercial space in and around the districts; and
- Create job opportunities for minority contractors through participation in project construction/ rehabilitation.



## HRA LISC CAT Fund Program Participation

- HRA allocated \$500,000 of Civil Unrest Funding (approved 12/9/2021, RES 21-1775)
- LISC and HRA entered into a Master Participation Agreement (MPA executed 10/2/2023)
  - Max of \$250,000 of HRA funds per project (not to exceed 50% of the total acquisition cost)

## Eligibility

- Commercial, mixed-use or residential properties that produce healing, ownership, and/or generational wealth for those impacted by the civil unrest following the death of George Floyd and/or the economic fallout of the COVID-19 public health emergency

## HRA Participation Loan Terms

- Loan Proceeds: acquisition with potential small budget for rehab
- Interest Rate: 0% for HRA funds
- Term: up to 5 years
- The end borrower receives a lower loan cost for building acquisition

### **Example Project**

<b>Source</b>	<b>Loan Amount</b>	<b>Int Rate</b>
LISC	\$300,000	4.00%
HRA Participation	\$100,000	0%
<b>Total</b>	<b>\$400,000</b>	<b>3.00%</b>



# Master Participation Agreement Amendment

- The executed Master Participation Agreement (MPA) contains program guidelines associated with the CAT Fund “1.0” that limit loans terms to the following:
  - Up to 5-year term
  - Eligible Borrowers: Approved non-profit developers only
- CAT Fund “2.0” (added in 2023) contains more flexible terms, which include the following:
  - Up to 10-year term
  - Eligible Borrowers: Nonprofit developers and Mission-Aligned For-Profit Developers
- The current MPA, based on Cat Fund 1.0 guidelines, requires a non-profit partner and a loan term of 5 years or less. Since the current project pipeline lack a non-profit partner and the first project (968 Payne) needs a longer term, an amendment adopting Cat Fund 2.0 guidelines is needed.
- The updated terms will simplify program access for a wider range of borrowers by expanding borrower eligibility and extending loan durations.



## Requested Action at next HRA meeting

- Approval of the Master Participation Agreement amendment which allows mission aligned for-profit developers in addition to non-profit partners and loan terms up to 10 years.



**Questions?**