

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 15, 2025

**REGARDING: RESERVATION OF 2026 LOW INCOME HOUSING TAX CREDITS FOR
THE ARAGON DEVELOPMENT LOCATED AT 470 WHITE BEAR
AVENUE, WARD 7, DISTRICT 1.**

Requested Board Action

Approval of the accompanying resolution to reserve:

- \$1,140,454.00 of the 2026 Low-Income Housing Tax Credits ("2026 HTC") for the Aragon development located at 470 White Bear Avenue, owned and operated by Beacon Interfaith Housing Collaborative., a Minnesota non-profit corporation, or one of its affiliated entities.

Background

The Federal Tax Reform Act of 1986 created the Low-Income Housing Tax Credit Program (the "Credit Program"), which provides a reduction in federal tax liability to owners and investors of qualified low-income housing developments that comply with federally imposed rent and tenant income restrictions for a minimum period of 30 years ("Credits").

On May 14, 2025, by Resolution 25-733, the Board of Commissioners of the Housing and Redevelopment Authority of Saint Paul ("HRA Board") endorsed changes to the Minneapolis/Saint Paul Housing Finance Board's ("Finance Board") 2026-2027 Low Income Housing Tax Credit Procedural Manual ("2026-2027 Procedural Manual") and the 2026-2027 Qualified Allocation Plan ("2026-2027 QAP") to reflect the HRA Board's housing selection priorities for the 2026 and 2027 Credit Program. The 2026-2027 QAP contains several changes aimed at better serving the lowest income residents in our community by expanding the eligibility of the housing tax credits to new construction projects located in areas of opportunities while preserving current affordable units in other areas, expanding services and amenities by recognizing the need to provide multilanguage services, and also redefining the criteria for Equity and Cultural Integration. These changes also include the removal of the Naturally Occurring Affordable

Housing criteria due to the lack of interest for NOAH projects from housing developers in the past few years.

On June 11, 2025, the Finance Board approved the 2026-2027 Procedural Manual and the 2026-2027 QAP. The Finance Board also authorized the HRA Board to administer the 2026 Credit Program and reserved the 2026 Credits to qualified Saint Paul developments. The projected HRA Board's sub-allocation of Credits for 2026 is \$1,140,454.00.

To be considered for 2026 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the credit period. (See: attached 2024-2025 QAP, Article VII, Procedure for Selecting Projects; Project Threshold Requirements.) Once the proposals are determined to be qualified, the proposals are scored by a staff committee based upon the selection and preference priorities established as the 2026-2027 QAP scoring criteria.

The HRA received 3 applications for the 2026 HTC request for proposals (9% LIHTC RFP) as follows:

Project Name:	The Aragon
Address:	470 White Bear Avenue
Developer:	Beacon Interfaith Housing Collaborative
Owner:	TBD
Project Type:	New Construction
Total Units	53
Zoning District	H2 Residential Zoning District
Eminent Domain	none
Project Cost	\$27,415,982
City Financing to be requested:	\$500,000
Total Housing Tax Credit requested:	\$2,322,740
2026 Housing Tax Credit recommended:	\$1,140,454

Project Name:	Highland Bridge Phase III
Address:	XXX Bohland & Cretin Avenue
Developer:	Project for Pride in Living, Inc.
Owner:	TBD
Project Type:	New Construction
Total Units	59

Zoning District	F4 Residential Mixed High District
Eminent Domain	none
Project Cost	\$26,825,951
City Financing to be requested:	\$3,000,000
Total Housing Tax Credit requested:	\$2,054,304
2026 Housing Tax Credit recommended:	\$0

Project Name:	Ramsey Hill
Address:	232 Marshall Avenue
Developer:	Trellis Co.
Owner:	TBD LP
Project Type:	Rehabilitation
Total Units	54
Zoning District	RM2 Medium Density Residential
Eminent Domain	none
Project Cost	\$17,114,812
City Financing to be requested:	\$1,400,000
Total Housing Tax Credit requested:	\$1,515,000
2026 Housing Tax Credit recommended:	\$0

According to Article VII (K) of the 2024-2025 QAP, projects will be prioritized with the project receiving the most points being rated first, the project receiving the second most points being rated second and so on. If two or more projects have overall point totals which are within 2 points of one another, the projects shall be deemed to be substantially equivalent, and the HRA Board will select the project which best meets the applicable city's housing priorities.

Following the 2024-2025 QAP selection and preference priorities, the applications scored as follows:

1. The Aragon (83 points)

The Aragon is a 53-unit new construction family project not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period, at least 75% of the total housing tax credit units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. The Aragon project application scoring is summarized in the below chart. See the attached Credit Scoring Worksheets for more information about the scoring criteria.

2. Highland Bridge Phase III (80 points)

Highland Bridge Phase III is a 59-unit new construction family project not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period, at least 75% of the total housing tax credit units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. The Highland Bridge Phase III project application scoring is summarized in the below chart. See the attached Credit Scoring Worksheets for more information about the scoring criteria.

3. Ramsey Hill (65 points)

Ramsey Hill is a 54-unit rehabilitation project that preserves existing subsidized housing. The allocation of HTC is necessary to prevent conversion to market rate use, and/or to remedy physical deterioration of the project, which would result in loss of existing federal subsidies.

Criteria	Description	The Aragon	Highland Bridge Phase III	Ramsey Hill
A1	Percentage 30% AMI (up to 10 points)	10	10	10
A2	Percentage 50% AMI (up to 6 points)	3	6	3
A3	Homelessness (up to 25 points)	18	18	12
B1	New construction outside of QCT	0	5	0
B4	Rehab that preserves project-based Section 8 assistance	0	0	1
C1	Healthy Communities, Wealth and Community Building (up to 9 points)	7	6	5
C2	Neighborhood Support (1 point)	1	1	1
C4	Non-Profit Status (2 points)	2	2	2
C5	Non-Smoking policy (1 point)	1	1	1
D1	Larger-sized Family Housing Units (up to 15 points)	15	15	0

D2	Transit (up to 3 points)	3	3	3
D4	Equity and Cultural Integration (up to 10 points)	10	0	10
D5	Tenant Selection Plan (up to 4 points)	4	4	4
Eb	Project has and HRA/City debt obligation	0	0	5
F2	Intermediary costs/Soft costs (up to 4 points)	2	2	2
F4	Long term affordability (up to 7 points)	7	7	7
Total		83	80	65

Upon review, HRA staff recommend that the HRA Board approves the reservation of \$1,140,454.00 of the 2026 HTC for the Aragon development.

The Aragon

a. Overview

The Aragon will be a new construction; family affordable housing project located at the southeast corner of White Bear Avenue and Third Street East. The project will be located in District Council 1 (Battle Creek-Conway-Eastview-Highwood Hills) and Ward 7. The project is ideally located within 0.25 miles of a planned Gold Line BRT stop at Hazel Street and existing Metro Transit Routes 63 and 80, and 0.4 miles and 0.7 miles to Eastview Park and Conway Recreation Center, respectively. The project is also approximately 1 mile from the Sun Ray Shopping Center and Scenic Hills Shopping Center.

b. Unit Mix

Unit Type	# of units	Income Limit
1BR	11	30% MTSP
2BR	14	30% MTSP
4BR	3	30% MTSP
3BR	7	50% MTSP
1BR	1	60% MTSP
2BR	13	60% MTSP
3BR	2	60% MTSP

4BR	2	60% MTSP
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The project will have 53 units of family housing, comprised of 1– 4-bedroom units. There will be some 1-Bedroom units as well, which will include people with disability units providing supportive housing to single adults. All housing units will be affordable to families with incomes at or below 60% area median.

c. Financing Structure

The Aragon project will be financed with Housing Tax Credits resulting to an estimated equity of \$18,580,062. Other funding sources tal reservation of HTC to \$2,368,384 for a total equity estimated to be \$19,418,807.00. Other funding sources include a Minnesota Housing deferred loan request, a Metropolitan Council LCDA-TOD grant, a Ramsey County deferred loan in the amount of \$450,000 as well as a City of St. Paul loan request in the amount \$1,500,000. A complete project budget will be provided to the HRA Board for approval of the development agreement when all sources are committed.

d. The Developer

Beacon Interfaith Housing Collaborative (or an affiliate thereof) will be the sponsor, developer and general partner of the project. Since its inception in 2003, Beacon has developed 20-plus housing projects totaling 846 units. Over two-thirds of this portfolio is supportive housing for households exiting homelessness or with other significant barriers to housing stability. This includes supportive housing for single adults, families, and formerly homeless youth. Over 85% of Beacon’s portfolio is affordable at 30% of area median income.

Budget Action

NA. Approval of the resolution to reserve Credits does not require budget action.

Future Action

Once all financing sources are committed, the HRA Board will take final action to approve a loan agreement with the developer.

PED Credit Committee Review

N/A. No loan risk rating is involved.

Compliance

Compliance requirements will be applicable to this project and will be determined once a final budget is in place.

Green/Sustainable Development

Projects awarded credits must comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

NA

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

This request is supported by the Comprehensive Plan. The Comp Plan calls for multi-family housing in this location via Policy LU-35 (“Provide for multi-family housing along arterial and collector streets...”). The Comp Plan supports affordable housing provision, including in Policy H-18 which calls for “Foster(ing) the preservation and production of deeply affordable rental housing, supportive housing and housing for people experiencing homelessness. Its Policy H-7 calls for production of family-sized affordable housing. Also, the District 1 Community Plan (2016), which is an addendum to the Comprehensive Plan, calls for “Promot(ing) redevelopment of vacant and underutilized parcels in ways that benefit the community” and “Meet(ing) market demand for transit-oriented housing.” The request does not conflict with any Comprehensive Plan policies.

Statement of Chairman (for Public Hearing)

N/A

Recommendation:

The Executive Director recommends, per the attached resolution, the approval by the HRA Board of the following reservation for the 2026 Low-Income Housing Tax Credits for:

- The Aragon Development in the amount of \$1,140,454.00.

Sponsored by: Chair Cheniqua Johnson

Staff: Jules Atangana, 651-266-6660

Attachments

- 2026-2027 QAP
- Self-Scoring Worksheet: The Aragon
- Self-Scoring Worksheet Highland: Bridge Phase III
- Self-Scoring Worksheet: Ramsey Hill
- Map – The Aragon Development
- Public Purpose - The Aragon Development
- District 1 Profile (The Aragon Development)