

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 23, 2023

REGARDING: APPROVING A \$65,000 CDBG LOAN MADE TO LIFE JUICES, LLC OR A RELATED ENTITY FOR ACQUISITION, REHABILITATION AND CODE COMPLIANCE PROJECT AT 450 LEXINGTON PARKWAY N, SAINT PAUL, MINNESOTA DISTRICT 8, WARD 1.

Requested Board Action

Approve a \$65,000 CDBG loan Life Juices, LLC or a related entity (the “Borrower”) for a project to acquire and rehabilitate a vacant building for a new juice and smoothie bar.

Background

Life Juices, LLC is a company dedicated to bringing accessible nutrition to underserved communities where healthy offerings are lacking. The owner, Kali Terry uses fruits/veggies as a tool for health, wealth, and social change. Life Juices offers cold-pressed juices, smoothies, and acai bowls – all made with organic produce sourced from local farms and food producers in Minnesota. The business is planning to expand from its food truck and commissary kitchen service to a brick-and-mortar retail location near the Green-Lexington light rail stop.

This project centers around the acquisition of 450 Lexington Parkway N. The property is under a purchase agreement and is expected to close July 27th, 2023. The building has been vacant and on the market since 2021. The loan funds will be used to acquire and rehabilitate the space, including making necessary updates to the plumbing, electrical, and HVAC systems, adding fire safety features and improving accessibility per DSI’s code compliance inspection.

CDBG was identified as the most suitable source for this project. HUD requires that recipients of CDBG meet one of three national objectives. The objective being met for this project is area benefit, meaning that the services the business provides will be available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income.

Budget Action

CDBG funds will be approved via an Administrative Order by City Council after the project is recommended for approval by the HRA.

Future Action

Upon approval of the loan by the HRA Board of Commissions, HRA Staff will prepare an appropriate CDBG loan agreement, promissory note, and other supporting loan and security documents, containing the terms described in this report and will submit it to the City Attorney's Office for review and approval before the loan agreement is submitted for execution.

Financing Structure

Owner equity is structured to cover 10% of total project costs, with the CDBG loan of \$65,000 covering 17% of total project costs. Sources and uses are as follows:

Sources and Uses of Funding:

Sources		Uses	
NDC	\$227,000	Acquisition	\$200,000
HRA - CDBG Loan	\$65,000	Rehabilitation	\$63,160
LISC	\$50,000	FFE	\$29,150
Owner Equity	\$37,810	Admin & Working capital	\$31,605
		Working Capital & inventory	\$55,895
<u>Total Project Sources</u>	<u>\$379,810</u>	<u>Total Project Uses</u>	<u>\$379,810</u>

\$65,000 loan terms for CDBG

The CDBG loan will be structured with a 3% interest rate for a 5-year term, amortized over 15 years with the first 2 years deferred.

PED Credit Committee Review

On June 13, 2023, the PED Credit Committee reviewed and approved the terms of the \$65,000 CDBG loan on the terms provided in this report.

Compliance

Compliance requirements include Affirmative Action, Vendor Outreach, Labor Standards, and the 2-Bid Policy.

Environmental Impact Disclosure

The HUD Part 58 Environmental Review has been completed for CDBG funding.

Historic Preservation

The project has been reviewed by the Minnesota State Historic Preservation Office. There are no reported historic or archaeological resources in the project area, and the probability of any unreported properties is low. No historic properties eligible for or listed on the National Register of Historic Places will be affected by this project.

Public Purpose/Comprehensive Plan Conformance

This Project meets several public purpose objectives, including:

- Investments in low- to moderate-income areas
- Positive tax base impacts through capital investment in real property

And will further several goals in the 2040 Comprehensive Plan in the Land Use Chapter under Policy LU-6, including:

- facilitating business retention and expansion
- supporting family-sustaining jobs
- growing Saint Paul's tax base
- proactively directing new development to high-priority geographies, such as Neighborhood Nodes, ACP50 Areas and Opportunity Sites;
- supporting business, real estate and financial models that keep more money locally

Recommendation:

The HRA's Executive Director recommends adoption of the attached Resolution, approving a loan to Life Juices, LLC or a related entity in the amount of \$65,000.00 from CDBG funds to fund, in part, the acquisition and interior rehabilitation for 450 Lexington PKWY N, per the terms and conditions set forth herein and related documents to be executed.

Sponsored by: Commissioner Russel Balenger

Staff: Rachael Weiker, 651-266-6571

Attachments

- **Map**
- **Public Purpose**
- **D8 Summit University Neighborhood Profile**