

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

REPORT TO THE COMMISSIONERS

DATE: APRIL 26, 2023

**REGARDING: RESOLUTION GIVING PRELIMINARY APPROVAL TO THE
PROPOSED ISSUANCE OF CONDUIT MULTIFAMILY HOUSING
REVENUE BONDS FOR THE BALSAM ON BROADWAY
APARTMENTS LOCATED AT 540 BROADWAY STREET AND
ADOPTING A HOUSING PROGRAM, DISTRICT 4, WARD 2**

Requested Board Action

The purpose of this report is to request the Housing and Redevelopment Authority (HRA) Board of Commissioners to:

1. Hold a public hearing and adopt a resolution providing preliminary approval of the proposed issuance of conduit multifamily housing revenue bonds for The Balsam on Broadway project; and
2. Adopt a housing finance program related to The Balsam on Broadway project.

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. 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.

Background

The HRA has received a proposal from LSBD St. Paul Broadway, LLC, a private developer of multifamily projects in Minnesota (or an affiliated entity, the “Borrower”), that the HRA undertake a housing finance program (the “Housing Program”) to finance The Balsam on Broadway project, a 6-story multifamily development located 540 Broadway Street through the issuance of tax exempt housing revenue bonds or notes (the “HRA Bonds”), in one or more series in an estimated aggregate principal amount not to exceed \$33,000,00. The proposal calls for the HRA to loan the proceeds realized upon the issuance and delivery of the HRA bonds to the Borrower pursuant to a loan agreement wherein the Borrower will be obligated to pay all costs and expenses of the HRA and the City incident to the issuance of the HRA bonds.

The project to be financed by the HRA Bonds is the acquisition, demolition, and construction of a building with approximately 128-units of multifamily rental housing and functionally related facilities, including covered and surface parking stalls, 113 bicycle room, dog wash, children's playroom, exercise room, office and community space. Thirty-nine units will be restricted to households with income at 80% area median income (AMI) or below, sixty-three units will be restricted to households with income at 60% area median income (AMI) or below and twenty-six units will be restricted to households with income at 30% area median income (AMI) or below with supportive services. The Project will be owned and operated by the Borrower, or an affiliated entity.

Budget Action

There is no budget action required

Future Action

Future City Council and HRA Board actions would be required for the HRA to issue final approval of conduit housing revenue bonds for The Balsam on Broadway project and approval of a waiver of the HRA's Maximum Developer Fee Guidelines.

Financing Structure

The total development cost is estimated to be \$69,899,493. Other funding sources will include a Department of Employment and Economic Development (DEED) clean-up grant, 4% tax credits attached to the bonds, and private funding. A detailed structure of the sources and uses will be provided to the Board at the final approval of the bonds.

PED Credit Committee Review

The Credit Committee review is not needed for public hearing. A review assessment will be provided for HRA final approval of the bonds.

Compliance

A list of compliance requirements will be provided for the HRA final approval of the bonds.

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The 2040 Saint Paul Comprehensive Plan designates the site's future land use as part of a Mixed Use area, which the proposed project conforms to. Comp Plan Policies H-7, H-31, and H-37 support provision of affordable housing, especially in this location near the central business district, as is proposed by the project.

Statement of Chairman

"Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on April 11, 2023. The Notice of Public Hearing will be made a part of these proceedings.

"Is there anyone who wishes to be heard on this item? If not, the Chair will declare this Public Hearing adjourned."

Recommendation:

The Executive Director recommends that the Board of Commissioners adopts the attached resolution providing preliminary approval for the issuance of conduit revenue bonds in the maximum amount of \$33,000,000.00 and adopts the attached Housing Program for The Balsam on Broadway project.

Sponsored by: Commissioner Rebecca Noecker

Staff: Daniel K Bayers (266-6685) and Jenny Wolfe (266-6680).

Attachments:

- Housing Program
- Map
- D4 Dayton's Bluff Neighborhood Profile