



REQUEST FOR COUNCIL ACTION

MEETING DATE: March 7, 2022

PREPARED BY: Brett Angell, Economic Development Manager

AGENDA ITEM: Master subordination agreement and first amendment to the promissory note and mortgage with Maple Village II, LLC

PREVIOUS ACTIONS:
None.

RECOMMENDED COUNCIL ACTION:

Motion to approve the master subordination agreement and estoppel certificate and first amendment to the promissory note and mortgage with Maple Village II, LLC

COMMENTS:

In 2012, the city applied for and received a grant from the Metropolitan Council's Local Housing Incentives Account (LHIA) to aid in the construction of Maple Village II apartments. Maple Village II is a 48-unit multifamily housing development affordable for persons and families of low- and moderate-income levels.

The total grant award from the LHIA program for this development was \$300,000. The grant from the Metropolitan Council was structured as a loan so that the development was able to take advantage of federal and state low-income housing tax credit programs. The loan agreement does not require any repayments until the loan fully matures in 2042. At that time the funds would be given back to the Metropolitan Council.

Maple Village II, LLC is currently in the process of refinancing the development with the Minnesota Housing Finance Agency. This refinancing further extends the affordability requirements for the development and provides funding for making repairs and improvements to the building. In order for the refinancing to occur, an amendment to the promissory note and mortgage and a master subordination agreement must occur related to the LHIA award.

The proposed first amendment to the promissory note and mortgage would extend the maturity date from 2042 to 2052 for the existing loan. The proposed master subordination agreement and estoppel certificate would place a second priority on the loan. The first priority would be given to the new MHFA loan.

The City Attorney and staff have reviewed the request and documents and do not have concerns. The Metropolitan Council was notified of this request as well and do not have concerns. The proposed requests do not create any additional obligations or risks for the city.

ATTACHMENTS:

Attachment A: Master subordination agreement and estoppel certificate

Attachment B: First amendment to the promissory note and mortgage