

U.S. Bank spearheads funding for new St. Paul shelter

By Maja Beckstrom | February 1, 2016

The walls of downtown St. Paul's five-story homeless shelter are in place, and so is another piece of the financing. U.S. Bank will invest \$19 million in the first phase of Catholic Charities' \$100 million construction project, which will replace the Dorothy Day Center and provide temporary shelter, apartments and services for homeless men and women.

Minneapolis-based U.S. Bank is providing \$6.2 million through a construction loan, and U.S. Bancorp Community Development Corp. is investing \$13 million in equity through two tax credit programs. U.S. Bank Foundation is also donating \$1 million to the project.

"We're very excited about this," said Tim Marx, president and CEO of Catholic Charities. "It provides us the momentum we need as we go before the Legislature this year to ask for general bonds and housing bonds."

Over the past several decades, tax credits have become essential to building low-income housing, which, unlike shopping malls and market-rate rental housing, doesn't generate much if any profit. The downtown homeless shelter uses two tax credit programs, New Markets Tax Credit and the Low Income Housing Tax Credit, which allow investors like U.S. Bankcorp to reduce their federal tax bill.

"In essence, we have an ownership interest," said Lynn Craghead, senior vice president for U.S. Bancorp Community Development Corp. "That's important to note, because it means we really care how this project will look and operate and be perceived in the community."

The first of two planned buildings, Higher Ground St. Paul at 411 N. Main St., started construction in October. When it opens at the end of the year, it will include 193 affordable apartments, 48 pay-for-stay beds and an emergency shelter with 232 bunk beds. It will replace the emergency shelter at the Dorothy Day Center, where men and women sleep on thin mats on the floor.

Catholic Charities is pulling together financing for the second building, which will start construction in 2017 and will house health care, employment support and other services.

About \$60 million of the total \$100 million budget will come from bonds, tax credits and other public money. A fundraising effort co-chaired by U.S. Bank President and Chief Operating Officer Andy Cecere is more than halfway toward a goal of raising \$40 million from individuals and foundations.

Check the construction camera at <http://dorothydaycampaign.org/about-the-project/construction-site-cam/>

