

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

**REPORT TO THE COMMISSIONERS**

**DATE: JUNE 22, 2022**

**REGARDING: RESOLUTION APPROVING (I) THE ADOPTION OF A SPENDING PLAN  
MINNESOTA STATUTES, SECTION 469.176, SUBD 4N AND (II) AN HRA  
BUDGET AMENDMENT, CITYWIDE**

**Requested Board Action**

Approval of the resolution which adopts a Spending Plan in accordance with Minnesota Statutes, Section 469.176 Subd. 4n (the “Temporary TIF Act”). This Spending Plan (**attached** hereto) authorizes the use of tax increments to provide improvements, loans, interest rate subsidies or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, which will create or retain jobs in this state, including construction jobs, as long as construction commences before December 31, 2025, and would not have commenced before that date without the assistance.

**Background**

The 2021 Omnibus Tax Bill provided temporary authorization to expend unobligated Tax Increment to advance private development to create or retain jobs in the state, including construction jobs. The legislation requires that a public hearing on a Spending Plan be held at the City Council and that the HRA adopt a resolution approving the Spending Plan. The City Council is scheduled to hold a public hearing and approve a companion resolution on this same date (RES PH 22-172).

The purpose of the Spending Plan is to develop or redevelop sites, lands or areas within the City of Saint Paul, Minnesota (the “City”) in conformance with the City’s Comprehensive Plan by using unobligated tax increments from the above referenced TIF Districts to provide improvements, loans, interest rate subsidies or assistance in any form (including without limitation making an equity or similar investment in a corporation, partnership, or limited liability company that the HRA determines is necessary to make construction of a development described herein financially feasible) to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, which will create or retain jobs in this state, including

construction jobs, as long as construction commences before December 31, 2025 and would not have commenced before that date without the assistance.

**Spending Plan**

The HRA may transfer, to a separate holding account, up to \$28,150,000 in unobligated tax increments from the following TIF Districts, as identified in the Spending Plan, to provide improvements, loans, interest rate subsidies or assistance in any form to private development occurring anywhere within the City that meets the requirements of the Temporary TIF Act.

<b>TIF No.</b>	<b>TIF District Name</b>
212	Block 4/MN Mutual Redevelopment
224,230,241,260,268	North Quadrant Housing
225,261-265	Riverfront Renaissance Redevelopment
228,266,267	Emerald Park Redevelopment
232	Straus Building-Housing
234,269	Phalen Village Redevelopment
237	Osceola Park Housing
240	Bridgescreek Senior Place Housing (aka Parkway Gardens)
243	Shepard Davern Redevelopment No. 1 (Owner Occupied Housing)
244	Shepard Davern Housing No. 2 (Rental Housing)
245	Shepard Davern Housing No. 3 (Senior Rental Housing)
248	Koch Mobil Redevelopment
271	Carlton Lofts Housing
278	Highland Pointe Lofts Housing (aka Riverpointe Lofts)
279	Minnesota Building Housing
302	Pioneer Endicott Redevelopment
304	Schmidt Brewery Housing
305	West Side Flats Phase I Housing
317	Custom House/Post Office Redevelopment
318	East 7 <sup>th</sup> & Bates Senior Housing
319	2700 University at Westgate Station Housing

The assistance authorized under the Spending Plan expressly includes, but is not limited to:

- a) Installation of sanitary sewer infrastructure serving the area defined in general terms as follows: the area bounded by the Mississippi River on the north, Wabasha Street on the east, Smith Avenue on the west and the bluff on the south (the “Sewer Upgrade”).
- b) Financial assistance to advance private development of HRA-owned sites, including without limitation the parcels currently identified and parcels acquired prior to December 31, 2025 (the “HRA-Owned Sites”).

- c) Financial assistance to advance private development of underutilized, privately owned redevelopment sites within the City. The underutilized sites, such as sites that have remained vacant for significant periods of time, shall include blighting conditions and other barriers to redevelopment including deficiencies in infrastructure.
- d) Financial assistance to advance the construction of private developments demonstrating substantial job impacts, especially in the technology and innovation sectors.
- e) Financial assistance to advance construction of private development of all types of housing production and private facilities serving unsheltered populations within the City.
- f) Financial assistance to advance private development of commercial and mixed-use properties for the purpose of preventing displacement of emerging and small businesses from within the City. The private development will include substantial rehabilitation or new construction of commercial and mixed-use properties in all areas of the City, focusing on areas with increasing market values and redevelopment pressures.

Additionally, the HRA is authorized to spend available tax increments for any other private development in the City for which the HRA finds that the private development will create or retain jobs in the State (including construction jobs); that the private development will commence before December 31, 2025; and that such construction would not have commenced before December 31, 2025, without the assistance under this Spending Plan.

In connection with the assistance, the HRA expressly finds that the financial assistance will result in the commencement of private development by December 31, 2025, which private development would not occur by this date without the financial assistance authorized in the Spending Plan. The private development will result in the creation of jobs, including construction jobs, and will increase the City's tax base.

### **Budget Action**

The HRA is approving a budget amendment to establish a TIF holding account for the transferred tax increments, which budget amendment is included in the **attached** Financial Analysis.

**Future Action:**

The Spending Plan authorizes, but does not obligate, the HRA to spend transferred tax increments. Any obligation to provide financial assistance under the Spending Plan must be evidenced by a contract approved by the HRA Board, entered into with a private party who otherwise meets the requirements of the Spending Plan and the Temporary TIF Act.

**Financing Structure**

Individual project financing will be authorized at the appropriate time with future HRA Board action.

**PED Credit Committee Review**

Each individual project will be reviewed by the PED Credit Committee prior to future requested HRA Board action.

**Compliance**

All projects will meet required compliance, which will be detailed at the appropriate time with future HRA Board action.

**Green/Sustainable Development**

All projects will meet sustainable development requirements, if applicable, and as determined with future HRA Board action.

**Environmental Impact Disclosure**

All projects will meet environmental impact requirements, if applicable, and as determined with future HRA Board action.

**Historic Preservation**

All projects will meet historic preservation requirements, if applicable, and as determined with future HRA Board action.

**Public Purpose/Comprehensive Plan Conformance**

The approval of the Spending Plan will advance private development that would otherwise not occur without financial assistance, resulting in the creation of jobs, including construction jobs, and increasing the City’s tax base. All projects will conform with the City’s Comprehensive Plan, and such conformance will be documented with project approval through future HRA Board action.

**Recommendation:**

The Executive Director recommends approval of the resolution which adopts a Spending Plan in accordance with Minnesota Statutes, Section 469.176 Subd. 4n (the “Temporary TIF Act”) and approves an HRA budget amendment.

**Sponsored by:** Chair Chris Tolbert

**Staff:** Jenny Wolfe (266-6680) and Angela Riffe (266-8524)

**Attachments**

- Spending Plan
- Financial Analysis