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CITY OF SAINT PAUL

**TAX INCREMENT OPPORTUNITY
TEMPORARY USE AUTHORIZED**

June 22, 2022



PURPOSE - REQUIREMENTS

- 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
- **Private Development** must:
 - include the **construction or substantial rehabilitation of buildings**
 - create or retain jobs in the state, including construction jobs
 - **commence construction before December 31, 2025**, and would not have without the tax increment assistance



ELIGIBLE USES OF TAX INCREMENTS

Eligible Tax Increments may be used, as follows:

- To provide **improvements** in any form to private development
 - E.g., install public improvements required for private development
- To **provide loans, interest rate subsidies or financial assistance in any form** to private developers
 - Requires developer to commence private development and incur eligible costs of the development with Tax Increments disbursed over time
 - Private development must have a financial gap in the amount of the assistance provided
- **HRA must expend the Tax Increments by December 31, 2025**



ELIGIBLE TAX INCREMENTS

Unobligated tax increments from any TIF district, if collected and retained by the HRA [by December 31, 2022 \(and transferred out to a separate holding account\)](#)

- Includes unobligated tax increments collected and retained through Tax Pay Year 2021 and Projected Tax Pay Year 2022
- Unobligated tax increments are not pledged to any outstanding bonds, including pay-as-you-go notes or other financial obligations (Interfund Loans) following six months from the collection
- A total of 21 TIF districts are identified with unobligated tax increment balances (13 Housing Districts and 8 Redevelopment Districts), that generate total authorized spending of \$28.15 million



PROCESS STEPS AND TODAY'S ACTION

- The **HRA must prepare a written Spending Plan** authorizing the expenditure of tax increments that details the planned spending (the use of the transferred increments) and identifies the TIF districts and amounts to be expended
- The **HRA Board adopts a resolution approving the Spending Plan** (contingent on a public hearing)
- The **City Council holds a public hearing**, after published noticed, approving the HRA's Spending Plan
- Today's action by the HRA and City Council results in an approved Spending Plan
 - The HRA will then need to file the approved Spending Plan with the State Auditor
- **The approval of the Spending Plan only authorizes the use of the tax increments but does not commit any tax increments to any specific project or use**



ASSISTANCE AUTHORIZED UNDER SPENDING PLAN

The HRA has identified the following categories of spending in the Spending Plan:

- 1) Installation of sanitary sewer infrastructure serving the area on the west side flats bounded by the river, Wabasha, Smith Avenue and the bluff;
 - No new building permits can be issued without the sewer upgrade;
- 2) Financial assistance to advance private development of HRA owned sites for redevelopment;
 - Qualifying sites require financial incentives to encourage private development;
- 3) Financial assistance to advance private development of underutilized, privately owned redevelopment sites;
 - Qualifying sites lack market support for private development and exhibit extensive redevelopment costs;



ASSISTANCE AUTHORIZED UNDER SPENDING PLAN (Cont'd)

- 4) Financial assistance to advance the construction of private developments demonstrating substantial job impacts, especially in technology and innovation sectors;
 - Qualifying private developments will create high paying permanent jobs and would not without financial assistance;
- 5) Financial assistance to advance construction of private development of all types of housing production and private facilities serving unsheltered populations within the City;
 - There is urgency to commence private development of all types of housing and private facilities serving unsheltered populations to address the City's housing crisis, which development would not occur without financial assistance;
- 6) 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;
 - Qualifying developments lack financial opportunities to acquire real estate and build wealth requiring financial assistance;



ADDITIONAL ACTIONS BY HRA

- **The HRA Board will need to authorize all spending for specific projects before any dollars are committed**
- The HRA Board would need to authorize any amendments to the Spending Plan, following a City Council public hearing
 - Amendments to the Spending Plan that increase individual TIF district spending cannot occur after December 31, 2022
- **The HRA must expend all tax increments transferred by December 31, 2025**