

TAX INCREMENT FINANCING PLAN
for
THE HEIGHTS SHERMAN ASSOCIATES PHASE I
HOUSING TAX INCREMENT FINANCING DISTRICT

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

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(for reference purposes only)

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SECTION 1. DEFINITIONS

The terms defined below shall, for purposes of this Tax Increment Financing Plan, have the meaning herein specified, unless the context otherwise specifically requires:

“Captured Tax Capacity” means the amount by which the current net tax capacity of the tax increment financing district exceeds the original net tax capacity, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

“City” means the City of Saint Paul, Minnesota.

“Comprehensive Plan” means the City’s Comprehensive Plan which contains the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

“County” means Ramsey County, Minnesota.

“Developer” means the Developer as defined in Section 2.3

“Development” means the development within the TIF District of the Development as defined in Section 2.3.

“Governing Body” means the duly appointed City Council of the City.

“Housing Act” means Minnesota Statutes, Section 469.001 to 469.047, as amended.

“HRA” means the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, a body corporate and politic.

“Master Plan” means the Hillcrest Master Plan adopted by the Saint Paul City Council on June 1, 2022, which outlines future land uses and a new street network for the 112-acre former golf course site in the City, including more than 1,000 housing units (including options affordable to low- and moderate-income households), approximately 1,000 jobs and the development of new parkland. The site is now known as The Heights.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project Area, as amended.

“Redevelopment Project Area” means the Saint Paul Neighborhood Redevelopment Project area depicted on **Exhibit A** attached hereto, as amended, and described in the Redevelopment Plan.

“State” means the State of Minnesota.

“TIF Act” means Minnesota Statutes, Section 469.174 through 469.1794, as amended.

“TIF District” means The Heights Sherman Associates Phase I Housing Tax Increment Financing District described in the TIF Plan and depicted on **Exhibit A**.

“TIF Plan” means this TIF Plan for the TIF District.

SECTION 2. TIF PLAN FOR THE HEIGHTS SHERMAN ASSOCIATES PHASE I HOUSING TAX INCREMENT FINANCING DISTRICT

Subsection 2.1 FOREWORD

The HRA, and its staff and consultants have prepared the following information for the establishment of the TIF District, a housing tax increment financing district, located in the Redevelopment Project Area.

Subsection 2.2 STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development to occur. To this end, the HRA has certain statutory powers pursuant to the Housing Act and the TIF Act, to assist in financing public costs related to a project.

Subsection 2.3 STATEMENT OF OBJECTIVES

The TIF District is created to facilitate the construction of a proposed mixed income housing development consisting of one approximately 5-story, elevator-accessible building with approximately 230 residential units, with 20% affordable at 50% area median income (AMI), and related amenities including on site management and leasing office, conference room, fitness center, elevator, party lounge, outdoor swimming pool, overlook, game hall, dog wash/dog run, resident storage, and surface and underground parking (the “Development”) to be developed by Sherman Associates, or an affiliate (the “Developer”). The TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Redevelopment Project Area; including without limitation, to facilitate the construction of affordable ownership units and rental units contemplated within the Master Plan, within the Redevelopment Project Area.

The activities contemplated in the Redevelopment Plan and this TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the TIF District.

The TIF District includes one parcel as shown in **Exhibit A**, together with adjacent roads and rights-of-way. The Port Authority currently owns the parcel and will convey the parcel for the construction, ownership and operation of the Development.

Subsection 2.4 REDEVELOPMENT PLAN OVERVIEW

1. The Developer has or will have site control of the parcel and the HRA does not expect to acquire any property in the TIF District. Any additional property located within the Redevelopment Project Area may be acquired by the HRA as further described in Subsection 2.6.
2. Upon approval of a developer’s plan relating to a project and completion of the necessary legal requirements, the HRA may assist a developer with the acquisition cost of selected properties within the TIF District or may lease land or facilities to a developer.

Subsection 2.5 PARCELS TO BE INCLUDED IN THE TIF DISTRICT

The TIF District currently includes the following tax parcel as shown in **Exhibit A**, together with adjacent roads and rights-of-way:

Parcel ID	Address	Approximate Legal Description
23.29.22.11.0011*	Not Applicable	Approximately 2.2 acres of the northeast portion of Lot 1, Block 9 of THE HEIGHTS PLAT, Ramsey County

*The noted parcel will be subdivided prior to the construction of the Development and only approximately 2.2 acres of the northeast portion of the parcel will be included in the TIF District as shown in the proposed subdivision plan included in Exhibit F (as Building A1).

Subsection 2.6 PARCELS TO BE ACQUIRED

The HRA has no plans to acquire any property in the TIF District but reserves the right to acquire any property in the Redevelopment Project Area. The City and HRA will not exercise eminent domain powers in the TIF District with respect to property for the Development.

The following are conditions under which other properties in the Redevelopment Project Area may be acquired at a future date:

1. The HRA may acquire property by gift, dedication or direct purchase from willing sellers in order to achieve the objectives of the TIF Plan and the Redevelopment Plan.

Subsection 2.7 DEVELOPMENT ACTIVITY IN THE TIF DISTRICT FOR WHICH CONTRACTS HAVE BEEN SIGNED

The Developer, who has or will have site control for the Development, expects that construction of the Development will commence on or before October 1, 2024, and be substantially completed by December 1, 2025. The HRA will enter into a Development Agreement with the Developer with respect to the construction of the Development.

The Development in the TIF District is expected to have a market value of \$46,000,000 upon completion.

At the time this TIF Plan was prepared there were no signed construction contracts with respect to the construction of the Development in the TIF District.

Subsection 2.8 NO OTHER SPECIFIC DEVELOPMENT EXPECTED TO OCCUR WITHIN REDEVELOPMENT PROJECT AREA.

In addition to the Development, certain unrelated housing development and redevelopment may occur within the Redevelopment Project Area.

Subsection 2.9 ESTIMATED COST OF DEVELOPMENT AND TIF PLAN BUDGET

The HRA has determined that it will be necessary to provide assistance for certain public costs of the Development. To facilitate the development of the TIF District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses of the TIF District and Redevelopment Project Area related to the Development. The estimate of public costs and uses of funds associated with the TIF District is outlined on the table attached hereto as **Exhibit B**. Estimated costs associated with the TIF District are subject to change. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget set forth in **Exhibit B**. The dollar amounts for specific line items in the budget may be adjusted between the line items by resolution of the HRA without a public hearing as long as the total expenditures are not increased.

Subsection 2.10 ESTIMATED AMOUNT OF BONDED INDEBTEDNESS

The expenditures authorized by this TIF Plan may be paid for either on a pay-as-you-go basis or paid from the proceeds of tax increment revenue bonds or notes or an interfund loan. The HRA anticipates issuing a pay-as-you-go note to assist in financing a portion of the Developer's construction costs of the Development. If bonding is required to finance the costs set forth in **Exhibit B**, the reasonable and customary expenses for that bonding, such as capitalized interest, interest on the debt, bond discount, and fiscal and legal fees, would be included. Bonding may include traditional general obligation or revenue bonding, including interest-bearing "pay-as-you-go" financing, an interfund loan or other internal, interest bearing HRA-financed borrowing in an amount not to exceed \$17,730,000.

Subsection 2.11 SOURCES OF REVENUE

The costs outlined in Section 2.9 above under the Estimated Cost of Development will be financed through the annual collection of tax increments as described below.

Subsection 2.12 ESTIMATED CAPTURED TAX CAPACITY AND ESTIMATE OF TAX INCREMENT

The property in the TIF District is currently owned by the Port Authority and carries an exempt classification such that the current tax capacity of the TIF District as of January 2, 2023 is \$0. Ramsey County will determine the market value to calculate the original net tax capacity for the TIF District at the time the Port Authority sells the property for the Development. It is anticipated that the Port Authority will make several improvements to the tax-exempt property after the City approves the TIF District, but before the parcel become taxable. The HRA will request that the Ramsey County Assessor separately assess the estimated market value of these improvements. It is the desire of the parties that once the property becomes taxable, the County Auditor shall exclude any separately assessed improvements by the Port Authority, when determining the original net tax capacity of the parcel. The estimated original net tax capacity when adjusted for mixed income housing is \$2,264 based on an estimated market value of \$215,600.

The estimated Captured Tax Capacity of the TIF District upon completion of the Development is estimated to be \$480,736 as of January 2, 2027 (for taxes payable in 2028).

The HRA elects to retain all of the Captured Tax Capacity to finance the costs of the Redevelopment Project Area. The HRA elects the method of tax increment computation set forth in Section 469.177, Subd. 3(a) of the TIF Act.

Exhibit C shows the various information and assumptions used in preparing the projected tax increment generated over the life of the TIF District.

Subsection 2.13 TYPE OF TIF DISTRICT

The HRA, in determining the need to create a tax increment financing district in accordance with the TIF Act, finds that the TIF District is a housing district pursuant to Section 469.174, Subd. 11 of the TIF Act as defined below:

“Housing district” means a type of tax increment financing district which consists of a project or a portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. A project does not qualify under this subdivision if more than 20% of the square footage of the buildings that receive assistance consist of commercial, retail or other non-residential uses.

In meeting the statutory criteria described above, the HRA relies on the following facts and findings:

The Development will consist of approximately 230 rental housing units and related facilities and at least 20% of the units (i.e., 46 units) will be rented to and occupied by individuals or families whose income is not greater than 50% of area median income. The building included in the Development in the TIF District is not expected to be used for any commercial, retail, or other non-residential use. The TIF District qualifies as a housing district, in that it meets all of the criteria listed above.

Tax increments derived from a housing district must be used solely to finance the cost of housing projects as defined above. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the HRA may be included in the cost of a housing project.

Subsection 2.14 DURATION OF THE TIF DISTRICT

The duration of the TIF District will be 25 years after the receipt of the first tax increment. Pursuant to Section 469.175, Subd. 1(b) of the TIF Act, the HRA elects to first receive increment in 2027, resulting in an estimated final year of 2052. Attached as **Exhibit D** is a projected cash flow showing the estimated receipt of tax increments from the TIF District.

Subsection 2.15 ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The impact of this TIF District on the affected taxing jurisdictions is reflected in the HRA's anticipated need to utilize the tax increments generated from this TIF District during the period described in Section 2.14 above for the purposes of financing the public costs referenced in Section 2.9 above, as the same may be amended, following which period the increased assessed valuations will inure to the benefit of such taxing jurisdictions.

For the payable 2023 property taxes, the respective tax capacity rates and net tax capacities of these taxing jurisdictions are set out in **Exhibit E**.

On the assumption that the estimated Captured Tax Capacity of this TIF District would be available to the above taxing jurisdictions without creation of this TIF District, the impact of this tax increment financing on the tax capacities of those taxing jurisdictions is shown by comparing the estimated \$480,736 of Captured Tax Capacity in assessment year 2027 which assumes no annual inflation, to the tax capacities of each of those jurisdictions, respectively as set forth in **Exhibit E**.

On the alternate assumption, which has been found to be the case, that none of the estimated Captured Tax Capacity would be available to these taxing jurisdictions without the creation of this TIF District, during the period of this TIF District's existence, there would be no effect on the above tax capacities, but upon the expiration or earlier termination of this TIF District, each taxing jurisdiction's tax capacity would be increased by the Captured Tax Capacity, as it may be adjusted over that time period.

The estimated amount of tax increment that will be generated over the life of the TIF District is approximately \$17,109,332 less the deduction by the Office of the State Auditor. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately \$4,090,460 and \$5,134,312, respectively, based on the pay 2023 tax rates. It is not expected that the Development in the TIF District will have any impact on the need for new or improved public infrastructure, other than any infrastructure installed by the Developer which may be reimbursed by tax increments or by the Port Authority as the owner of the property within the TIF District. The City's police and fire departments currently serve the area and the probable impact of the Development in the TIF District on such services is expected to be minimal. The HRA anticipates that it will issue a pay as you go tax increment revenue note to the Developer for a portion of the public costs of the Development, but such note or other obligations will not affect the City's or the HRA's ability to issue other debt for general fund purposes.

Subsection 2.16 MODIFICATIONS TO THE TIF DISTRICT

In accordance with Section 469.175, Subd. 4 of the TIF Act, any:

1. reduction or enlargement of the geographic area of Redevelopment Project Area or TIF District;
2. increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized;

3. increase in the portion of the captured net tax capacity to be retained by the HRA;
4. increase in total estimated tax increment expenditures; or
5. designation of additional property to be acquired by the HRA;

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

The geographic area of the TIF District may be reduced but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the Redevelopment Project Area or TIF District and (2)(a) the current net tax capacity of the parcel(s) eliminated from TIF District equals or exceeds the net tax capacity of those parcel(s) in the TIF District's original net tax capacity or (b) the HRA agrees that, notwithstanding Section 469.177, Subd. 1 of the TIF Act, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the TIF District.

The HRA must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District or Redevelopment Project Area. Modifications to the TIF District in the form of a budget modification or an expansion of the boundaries will be recorded in the Redevelopment Plan.

Subsection 2.17 ADMINISTRATIVE EXPENSES

In accordance with Sections 469.174, Subd. 14, and 469.176, Subd. 3 of the TIF Act, administrative expenses means all expenditures of the HRA, other than:

1. amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the Redevelopment Project Area;
2. relocation benefits paid to or services provided for persons residing or businesses located in the Redevelopment Project Area; or
3. amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to Section 469.178 of the TIF Act.

Administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Tax increment may be used to pay any authorized and documented administrative expenses for the Redevelopment Project Area up to, but not to exceed, 10% of the total estimated tax increment expenditures authorized by the TIF Plan or 10% of the total tax increments, as defined in Section 469.174, subdivision 25, clause (1) of the TIF Act, from the TIF District, whichever is less.

Pursuant to Section 469.176, Subd. 4h of the TIF Act, tax increments may be used to pay for the county's actual administrative expenses incurred in connection with said District. The

county may require payment of those expenses by February 15 of the year following the year the expenses were incurred. Increment used to pay the county's administrative expenses under Subdivision 4h are not subject to the 10% limit.

Pursuant to Section 469.177, Subd. 11 of the TIF Act, the county treasurer shall deduct an amount equal to approximately 0.36% of any increment distributed to the HRA and the county treasurer shall pay the amount deducted to the state treasurer for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing.

Subsection 2.18 LIMITATION OF INCREMENT – 4 YEAR RULE

Pursuant to Section 469.176, Subd. 6 of the TIF Act:

if after 4 years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to Section 469.177 of the TIF Act, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

Subsection 2.19 USE OF TAX INCREMENT

The HRA hereby determines that it will use 100% of the captured net tax capacity of taxable property located in the TIF District for the following purposes:

1. to pay the principal of and interest on bonds used to finance a project;
2. to finance, or otherwise pay the capital and administration costs of the Redevelopment Project pursuant to the Housing Act;

3. to pay for project costs as identified in the budget;
4. to finance, or otherwise pay for other purposes as provided in Sections 469.174, Subd. 11 and 469.176, Subd. 4 of the TIF Act;
5. to pay principal and interest on any loans, advances or other payments made to the HRA or for the benefit of the Redevelopment Project Area by the developer;
6. to finance or otherwise pay premiums and other costs for insurance, credit enhancement, or other security guaranteeing the payment when due of principal and interest on tax increment bonds or bonds issued pursuant to the Plan or pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.165, or both; and
7. to accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.165, or both.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by Section 469.176, subd. 4 of the TIF Act.

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in Section 469.174, subd. 11 of the TIF Act. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the HRA may be included in the cost of a housing project.

Subsection 2.20 NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

The HRA shall, after due and diligent search, accompany its request for certification to the County Auditor or its notice of the TIF District enlargement with a listing of all properties within the TIF District or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City pursuant to Section 469.175, Subd. 3 of the TIF Act. The County Auditor shall increase the original tax capacity of the TIF District by the value of improvements for which a building permit was issued.

Subsection 2.21 EXCESS TAX INCREMENTS

Pursuant to 469.176, Subd. 2 of the TIF Act, in any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the Plan, including the amount necessary to cancel any tax levy as provided in Minnesota Statutes, Section 475.61, Subd. 3, the HRA shall use the excess amount to do any of the following:

1. prepay any outstanding bonds;
2. discharge the pledge of tax increment therefor;
3. pay into an escrow account dedicated to the payment of such bond; or

4. return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

In addition, the HRA may, subject to the limitations set forth herein, choose to modify the Plan in order to finance additional public costs in the TIF District or Redevelopment Project Area.

Subsection 2.22 REQUIREMENTS FOR AGREEMENTS WITH THE DEVELOPER

The HRA will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA to demonstrate the conformance of the development with city plans and ordinances. The HRA may also use the agreements to address other issues related to the Development.

Pursuant to Section 469.176, Subd. 5 of the TIF Act, no more than 10%, by acreage, of the property to be acquired within the TIF District as set forth in the Plan shall at any time be owned by the HRA as a result of acquisition with the proceeds of bonds issued pursuant to Section 469.178 of the TIF Act without the HRA having, prior to acquisition in excess of 10% of the acreage, concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA should the development or redevelopment not be completed.

Subsection 2.23 ASSESSMENT AGREEMENTS

Pursuant to Section 469.177, Subd. 8 of the TIF Act, the HRA may enter into an agreement in recordable form with developers of property within the TIF District which establishes a minimum market value of the land and completed improvements for the duration of TIF District. The assessment agreement shall be presented to the assessor who shall review the plans and specifications for the improvements constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the assessor may certify the minimum market value agreement. The HRA does not anticipate entering into assessment agreements establishing a minimum market value upon completion.

Subsection 2.24 ADMINISTRATION OF TIF DISTRICT

Administration of the TIF District will be handled by the Executive Director of the HRA.

Subsection 2.25 FINANCIAL REPORTING REQUIREMENTS

The HRA will comply with all reporting requirements of Section 469.175, Subd. 5 and 6 of the TIF Act.

Subsection 2.26 OTHER LIMITATIONS ON THE USE OF TAX INCREMENT

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of the Redevelopment Project Area pursuant to the Housing Act;

These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the acquisition, construction, renovation, operation or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government or for a commons area used as a public park, or a facility used for social, recreational or conference purposes. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, or a privately owned facility for conference purposes.

2. Pooling Limitations. At least 80% of tax increments from the TIF District must be expended on activities in the TIF District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. As provided in Section 469.1763, subd. 2(b) of the TIF Act, a housing project, as defined in Section 469.174, subd. 11 of the TIF Act, is an activity in the TIF District. Not more than 20% of said tax increments may be expended, through a development fund or otherwise, on activities outside of the TIF District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the TIF District. As set forth in paragraph 4 below, the HRA elects to increase its pooling percentage by up to 10% on activities located outside the TIF District as permitted by Section 469.1763, Subd. 2(d) of the TIF Act.

3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the TIF District shall be deemed to have satisfied the 80% test set forth in paragraph 2 above only if the 5-year rule set forth in Section 469.1763, Subd. 3 of the TIF Act has been satisfied; and beginning with the 6th year following certification of the TIF District, Section 469.1763, Subd. 4 of the TIF Act applies.

4. Expenditures Outside District. The HRA hereby elects to authorize spending up to an additional 10% of the tax increments on activities located outside the TIF District as permitted by Section 469.1763, Subd. 2(d) of the TIF Act provided that the expenditures meet the following requirements, as such requirements may be amended from time to time:

- A. they are used exclusively to assist housing that meets the requirements for a qualified low-income building as defined in Section 42 of the Internal Revenue Code of 1986, as amended (the "Code");

- B. they do not exceed the qualified basis of housing as defined under Section 42(c) of the Code less the amount of any credit allowed under Section 42 of the Code; and
- C. they are used to (i) acquire and prepare the site for housing, (ii) acquire, construct or rehabilitate the housing, or (iii) make public improvements directly related to the housing; or
- D. they are used to assist owner-occupied housing that meets the requirements of section 469.1761, subdivision 2.

The HRA reserves the right to allow for tax increment pooling from the TIF District in the future.

Subsection 2.27 COUNTY ROAD COSTS

Pursuant to Section 469.175, Subd. 1a of the TIF Act, the county board may require the HRA to pay for all or part of the cost of county road improvements if the proposed Development will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or other county plan.

In the opinion of the HRA and consultants, the proposed Development outlined in this TIF Plan will have little or no impact upon county roads. If the county elects to use increments to improve county roads, it must notify the HRA within 45 days of receipt of this Plan.

Subsection 2.28 NO BUSINESS SUBSIDY

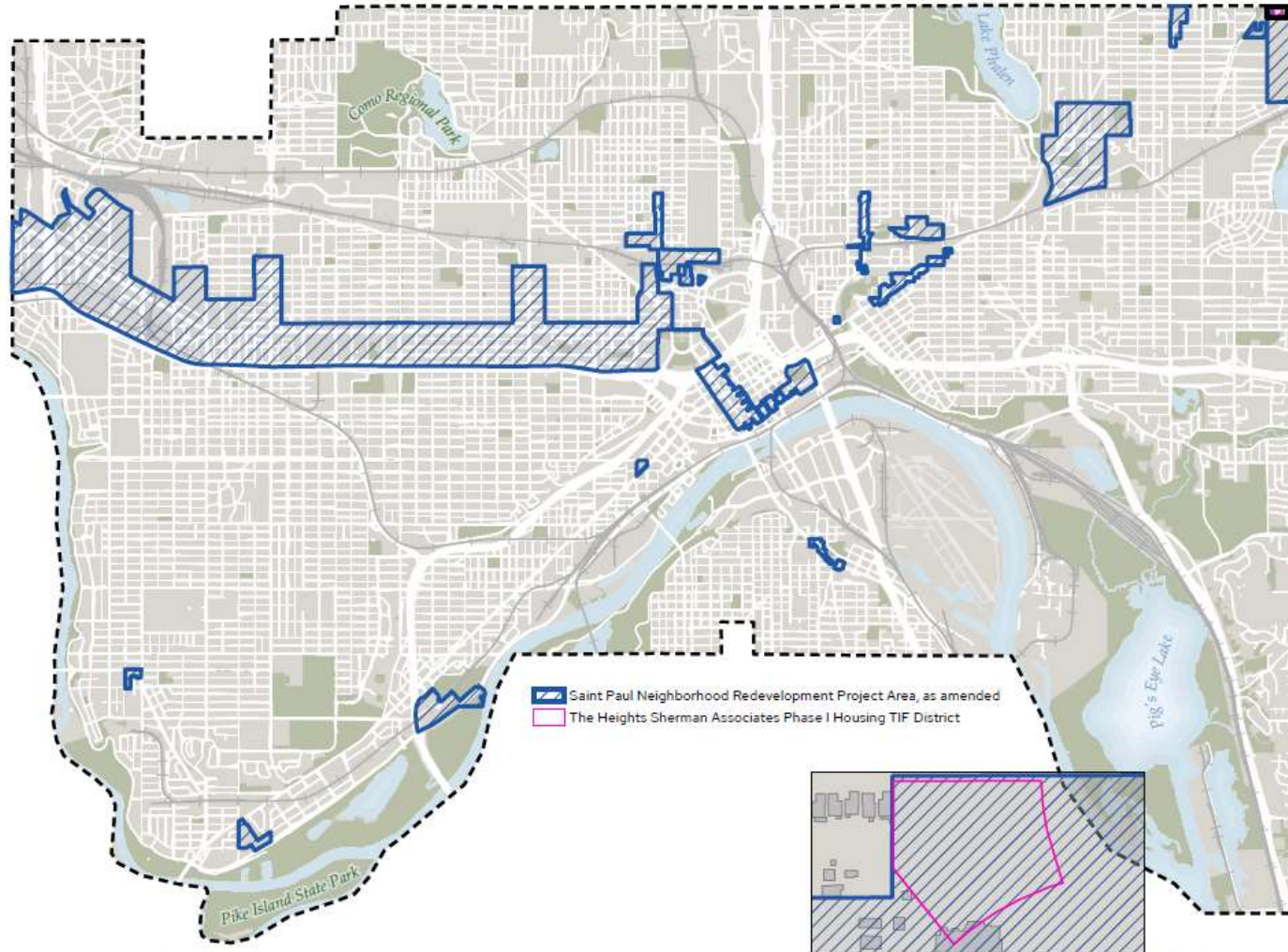
The HRA is providing tax increment financing only for the Development, which consists entirely of housing, and therefore, the provisions of Minnesota Statutes, Sections 116J.993 and 116J.994, as amended (which states that a recipient of a business subsidy must create a net increase in jobs and meet wage level goals within two years of receiving assistance), are not applicable.

EXHIBIT A

Map of Redevelopment Project Area and TIF District

The Heights Sherman Associates Phase I Housing TIF District

Saint Paul Neighborhood Redevelopment Project Area, as amended



**EXHIBIT B
TIF Plan Budget**

Estimates of Tax Increments and Uses

Name of District: The Heights Sherman Phase I
 Type of District: Housing District
 Duration of District: 25 years following 1st collection

ESTIMATED TAX INCREMENT REVENUES	Estimated Amount
Tax Increment Revenue (1)	\$17,048,000
Interest and Investment Earnings	\$682,000
Estimated Tax Increment Revenues	\$17,730,000
ESTIMATED PROJECT/FINANCING COSTS	Estimated Amount
Land/Building Acquisition	\$0
Site Improvements/Preparation Costs	\$0
Utilities	\$0
Other Qualifying Public Improvements	\$0
Construction of Affordable Housing	\$8,928,000
Administrative Costs	\$1,704,800
Estimated Tax Increment Project Costs	\$10,632,800
Estimated Financing Costs	
Interest Expense	\$7,097,200
Total Est. Project/Financing Costs Paid From Tax Increment	\$17,730,000

(1) Net of State Auditor Deduction

EXHIBIT C Assumption Report

Housing & Redevelopment Authority of the City of St. Paul

Name of Project	The Heights Sherman Phase I
Name of Developer	Sherman Associates
Type of TIF District	Housing
Maximum Duration	25 years after 1st collection

Est. Date of Certification Request	6/1/2024
Elect First Year	Yes
First Year of Increment	2027
Final Year of Increment (Max)	2052

<u>Tax Rates</u>	<u>Final Pay 2023</u>
City of St. Paul	50.605%
Ramsey County	41.153%
ISD #625	32.786%
Miscellaneous	12.592%
Local Tax Rate Captured for TIF	137.136%

** Captured Rate Excludes ISD #625 General Ed Levy*

Watershed Name/No.	Metro Watershed/NBC/156
--------------------	-------------------------

Fiscal Disparity (In or Out)	Outside TIF (Clause A)
Sharing Factor	33.9763%
FD Tax Rate	133.6670%
State General Tax Rate	* 33.0030%
Market Value Based Tax Rate (ISD #625)	* 0.16090%
Assess year values for base	2023
Pay year values for base	2024

** Taxes generated from these levy rates are not captured in TIF districts*

EXHIBIT C
Assumption Report (Continued)

Housing & Redevelopment Authority of the City of St. Paul
The Heights Sherman Phase I
Tax Increment Financing District (Housing)

Proposed TIF Parcels	Assess 2023-Pay 2024		
	Est. Market Value	Current Class	Current TC
23.29.22.11.0011 *(~ 2.2 acres of Block 9)	215,600	Exempt	0
	215,600		0

** only a portion of this parcel will be included in the TIF district*

Proposed Redevelopment Units

Qualifying Housing Bldg SF 273,500 (230 units)

The parcels are exempt and the County will determine base value at the time of sale, current estimate is unimproved value (\$2.25/

Adjust to Taxable Classification of Parcels Based On Redevelopment Uses

	Est. Market Value	Classification	Adjusted TC
<i>Total Residential (Affordable)</i>	43,120	Rental - Affordable	108
<i>Total Residential (not restricted)</i>	172,480	Rental	2,156
	215,600		2,264

Proposed Project

Rental Apartments

Market Value per Unit*	\$200,000	<i>\$46,000,000</i>
Total No. of Apartments	230	
% Affordable	20%	

Component Value

	Est. Market Value	Tax Capacity
Rental Apartments*	\$46,000,000	\$483,000
Total Project	\$46,000,000	\$483,000
<i>Increased Market Value</i>	<i>\$45,784,400</i>	

<u>Project Timing</u>	<u>Residential</u>
Construction Start	10/1/2024
Project Opening	12/1/2025
Stabilized Occupancy	9/1/2026

*** Est. Market Value Estimated by Ramsey County Assessor**

EXHIBIT D Projected Tax Increment

**The Heights Sherman Phase I
Tax Increment Financing District (Housing)
Mixed Income Rental Housing (230 total units) with 20% Affordable at 50% AMI
Total EMV \$46M Housing, 0% Inflation, Est Tax Rate Using Final Pay 2023, Elect First Year 2027**

Assess Year	Collect Year	Total Est. Market Value	Total Net Tax Capacity	Less Original Net Tax Capacity	Sharing Factor	Increment Tax Capacity	Est. Local Captured Tax Rate*	Projected Tax Increment	Est. TI Attributable to City Levy*	Est. TI Attributable to County Levy*	Est. TI Attributable to School Dist Levy*	Less State Auditor Deduction 0.360%	Annual TI to HRA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
2026	2027	\$36,800,000	460,000	(2,264)	0.995079	457,736	137.136%	\$627,723	\$231,639	\$188,372	\$150,075	(\$2,260)	\$625,463
2027	2028	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2028	2029	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2029	2030	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2030	2031	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2031	2032	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2032	2033	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2033	2034	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2034	2035	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2035	2036	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2036	2037	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2037	2038	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2038	2039	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2039	2040	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2040	2041	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2041	2042	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2042	2043	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2043	2044	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2044	2045	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2045	2046	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2046	2047	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2047	2048	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2048	2049	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2049	2050	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2050	2051	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
2051	2052	\$46,000,000	483,000	(2,264)	0.995313	480,736	137.136%	\$659,264	\$243,278	\$197,838	\$157,615	(\$2,373)	\$656,891
								\$17,109,332	\$6,313,593	\$5,134,312	\$4,090,460	(\$61,594)	\$17,047,738

* Final Pay 2023 Tax Rate from Ramsey County, estimated for Pay 2024

EXHIBIT E
Estimated Impact on Other Taxing Jurisdictions Report

The Heights Sherman Phase I
Tax Increment Financing District (Housing)

Taxing Jurisdiction	No Captured Net Tax Capacity Without Creation of District		Captured Net Tax Capacity Available Without Creation of District					Hypothetical Tax Generated by Captured Net Tax Capacity
	Final Pay 2023 Taxable Net Tax Capacity (a)	Final Pay 2023 Local Tax Rate	Final Pay 2023 Taxable Net Tax Capacity (a)	Projected Captured Net Tax Capacity	New Taxable Net Tax Capacity (b)	Hypothetical Local Tax Rate	Hypothetical Decline in Local Tax Rate	
City of St. Paul	396,939,488	50.605%	396,939,488	480,736	397,420,224	50.544%	0.061%	\$243,278
Ramsey County	830,482,144	41.153%	830,482,144	480,736	830,962,880	41.129%	0.024%	\$197,838
ISD #625	396,939,794	32.786%	396,939,794	480,736	397,420,530	32.747%	0.040%	\$157,615
Miscellaneous	*	-	-	-	-	12.592%	0.000%	\$0
		137.136%				137.012%	0.125%	\$598,731

Statement #1: If assume the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, the taxing jurisdictions would have increased taxable net tax capacity to tax upon thereby resulting in a hypothetical decline in the local tax rate, while producing the same level of taxes. The above hypothetical analysis indicates a total tax rate decline of 0.125%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional \$598,731 of taxes from the three taxing jurisdictions listed above.

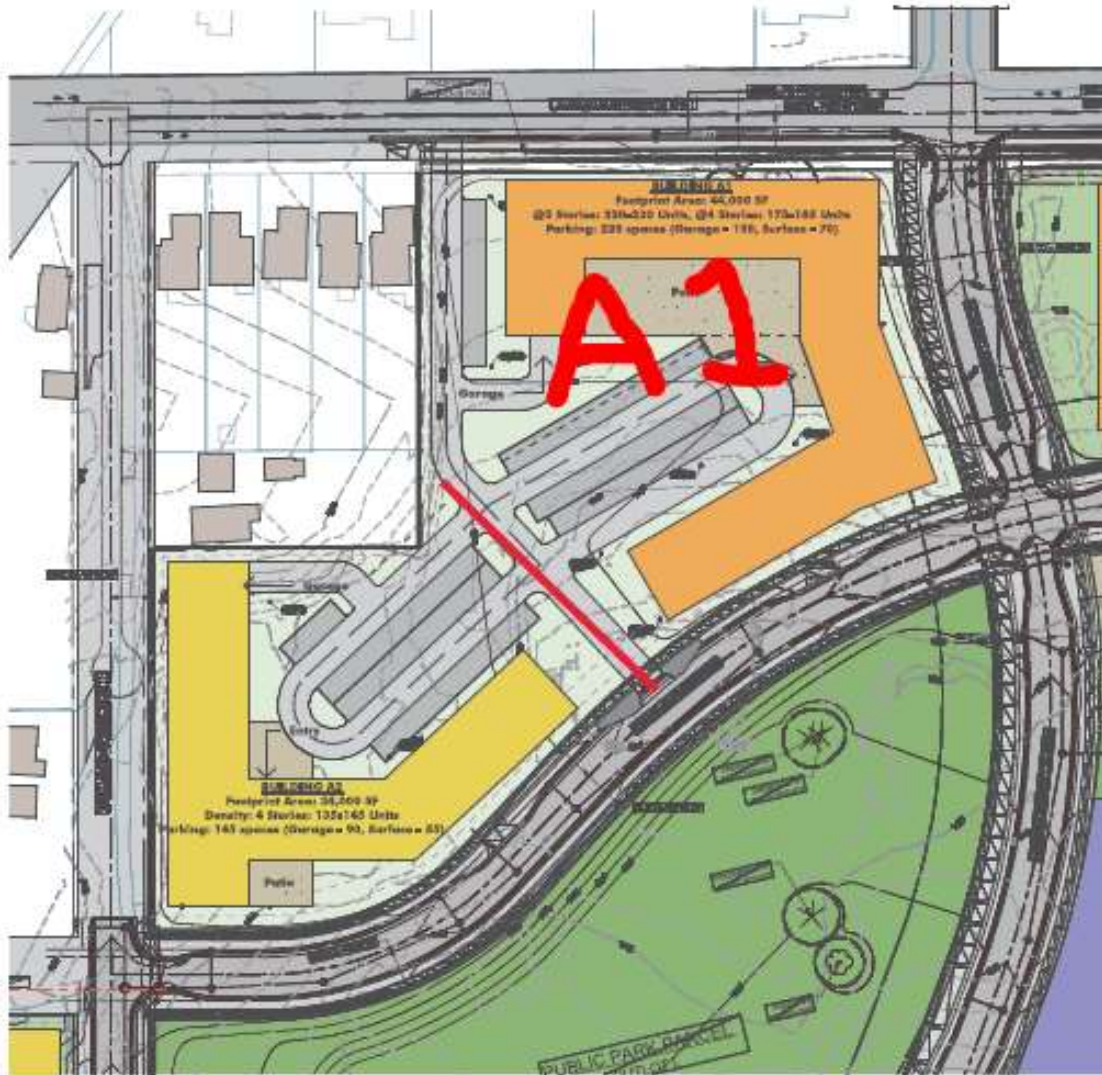
Statement #2: If assume the estimated captured net tax capacity would not be available to the taxing jurisdictions without creation of the district, the projected captured net tax capacity shown above would not be available and the taxing jurisdictions would have no change to their taxable net tax capacity or tax rates.

* The miscellaneous taxing jurisdictions have been excluded as they represent just 9.18% of the total local tax rate.

(a) Taxable Net Tax Capacity equals the total tax capacity minus tax increment tax capacity minus fiscal disparity contribution ("Value for Local Rate")

(b) New Taxable Net Tax Capacity adds Projected Captured Net Tax Capacity to Taxable Net Tax Capacity

**EXHIBIT F
PROPOSED SUBDIVISION
(BUILDING A1)**



① SD Site Plan - Site A (Lot 1, Block 9)
1" = 100'-0"

