

FOURTH AMENDMENT TO
TAX INCREMENT FINANCING PLAN

FOR THE

HOUSING TAX INCREMENT FINANCING DISTRICT NO. 2
(Shepard Davern Rental Housing Project)

ORIGINALLY ADOPTED: August 27, 2003
FIRST AMENDMENT ADOPTED: October 22, 2003
SECOND AMENDMENT ADOPTED: April 13, 2005
ADMINISTRATIVELY AMENDED: February 8, 2006
FOURTH AMENDMENT ADOPTED: November 13, 2024 (Scheduled)

This instrument drafted by:

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(Shepard Davern Rental Housing Project)

1. INTRODUCTION - IDENTIFICATION OF NEED

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”), on August 27, 2003, approved the establishment of the Housing Tax Increment Financing District No. 2 (Shepard Davern Rental Housing Project) (the “TIF District”) located within the Shepard Davern Redevelopment Project Area (the “Project Area”) and adopted a tax increment financing plan for the TIF District (as previously amended and as further amended hereby, the “TIF Plan”).

The TIF District was established to provide affordable housing for Saint Paul residents, and specifically to provide 314 units of rental housing within the TIF District (the “Development”). The HRA has determined that it is necessary to further amend the TIF Plan to increase the budgeted revenues and to increase the authorized expenditures in connection with the development of additional qualifying affordable housing within the City of Saint Paul, Minnesota (the “City”). The HRA acknowledges there is a need for additional housing in the City and desires to create an impetus for the construction of low- and moderate-income housing facilities. To accomplish these goals, it is necessary to further amend the TIF Plan to increase the authorized expenditures to align with the expected revenues.

2. AMENDMENTS

The TIF Plan is hereby amended as follows:

- A. Section 9 entitled “Estimated Cost of Project; Tax Increment Financing Plan Budget” is amended as set forth on **Exhibit A** attached hereto. As shown in **Exhibit A** attached hereto, the total estimate of costs is \$17,335,074.
- B. Section 10 entitled “Estimated Amount of Bonded Indebtedness” as previously amended, is amended and restated as follows:

Section 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 tax increment revenue note and/or revenue bond to assist in financing public costs of the Development and the construction of affordable housing. To the extent bonding is required to finance the costs set forth in Section 9 and **Exhibit A**, 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. The maximum principal

amount of bonds secured in whole or part with tax increment from the TIF District is \$9,659,121 as shown in **Exhibit A**.

- C. Section 11 entitled “Sources of Revenue” is amended and restated as follows:

Section 11. Sources of Revenue. The costs outlined in Section 9 above will be financed from proceeds of the sale of revenue bonds or notes, or on a pay-as-you-go basis through the annual collection of tax increments. In addition, the HRA anticipates making a loan for available goods of the HRA in the principal amount of approximately \$750,000. All other costs will be financed by private financing obtained by the developers of the housing projects. The market value upon completion of the Development is estimated to be approximately \$31,400,000.

- D. Section 12 entitled “Estimated Captured Tax Capacity and Estimate of Tax Increment” is amended and restated as follows:

Section 12. Estimated Captured Tax Capacity and Estimate of Tax Increment. At the time the TIF Plan was originally approved, the original net tax capacity of the TIF District was estimated to be \$43,074 as of January 2, 2003, and the estimated captured tax capacity of the TIF District at completion was estimated to be \$207,145. As of January 2, 2023, the original net tax capacity of the TIF District as provided by Ramsey County is \$33,546 and the captured tax capacity as provided by Ramsey County is \$696,870.

The HRA elects to retain all of the captured tax capacity to finance the costs of the TIF District. The HRA elects the method of tax increment computation set forth in Minnesota Statutes Section 469.177, subd. 3(a).

- E. Section 13 entitled “Type of Tax Increment Financing District” is amended and restated as follows:

Section 13. Type of Tax Increment Financing District. The TIF District is a housing tax increment financing district established pursuant to Minnesota Statutes Section 469.174, Subd. 11.

The TIF District consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low or 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, and that satisfies the requirements of Minnesota Statutes Section 469.1761. 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 in the TIF District consists of approximately 314 rental housing units with at least twenty percent (20%) of the units to be rented to persons whose incomes do not exceed fifty percent (50%) of the area-wide median family income of the standard metropolitan statistical area which includes Minneapolis/St. Paul, Minnesota, as that figure is determined and announced from time to time by HUD, as adjusted for family size, and with at least sixty percent (60%) of the units to be rented to persons whose income does not exceed one hundred and twenty percent (120%) of the area-wide median family income of the standard metropolitan statistical area which includes Minneapolis/St. Paul, Minnesota as that figure is determined and announced from time to time by HUD, as adjusted for family size. Provided, however, that no more than twenty percent (20%) of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail or other nonresidential uses

Additionally, the HRA acknowledges there is a need for additional housing in the City that qualifies as a housing project under Minnesota Statutes Section 469.174, Subd. 11 and, as provided in Minnesota Statutes Section 469.1763, subd. 2(b), a housing project, as defined in Minnesota Statutes Section 469.174, subd. 11, is an activity in the TIF District.

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.

- F. Section 14 entitled “Duration of Tax Increment Financing District” is amended and restated as follows:

Section 14. Duration of Tax Increment Financing District. The duration of the TIF District will be 25 years from the receipt of the first tax increment. The anticipated first receipt of tax increment at the time the TIF Plan was originally approved was 2006, and is when the collections commenced, and the final collection year will be 2031. Attached as **Exhibit B** is the projected receipt of tax increments from the TIF District, including the actual collections, through 2023.

- G. Section 15 entitled “Estimated Impact on Other Taxing Jurisdictions” is amended as set forth on **Exhibit C** attached hereto.
- H. Except as herein amended, all other provisions of the TIF Plan, as previously amended, shall remain unchanged and in full force and effect.

Exhibit A
Estimated Cost of Project, Tax Increment Financing Plan Budget

The HRA has determined that it will be necessary to provide assistance for certain public costs to increase the supply of qualifying affordable housing within the City, including the Development within the TIF District. To facilitate the Development and increase qualifying affordable housing within the City, this TIF Plan, as amended, authorizes the use of tax increment financing to pay for a portion of the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the TIF District, as amended, is on the following page.

Estimated costs associated with the TIF District are subject to change and may be reallocated between line items administratively by a resolution of the HRA. The cost of all activities to be financed by the tax increment will not exceed, without formal modification, the budget for the tax increments set forth on the following page. The HRA may spend tax increments outside the TIF District or anywhere in the City to finance the construction of qualifying affordable housing.

TIF District Amended Budget (Estimates of Tax Increments and Uses)

HOUSING TAX INCREMENT FINANCING DISTRICT NO. 2

Shepard Davern Rental Housing Project - County TIF #244

	TIF Budget as previously amended	Changes (Nov, 2024)	Amended TIF Plan Budget
Tax Increment Revenue			
Tax Increment Revenues	\$10,709,676	\$5,820,324	\$16,530,000
Interest and Investment Earnings	\$0	\$550,000	\$550,000
Sales/Lease Proceeds	\$0	\$0	\$0
TIF Credits	\$0	\$0	\$0
Loan/Advance Repayments	\$0	\$255,074	\$255,074
Total Tax Increment Revenue	\$10,709,676	\$6,625,398	\$17,335,074
Project/Financing Costs:			
Land/building acquisition	\$4,042,261	\$0	\$4,042,261
Site improvement/prep costs	\$261,620	(\$261,620)	\$0
Utilities	\$0	\$0	\$0
Other qualifying improvements	\$0	\$777,739	\$777,739
Temp Jobs Stimulus (4m)	\$0	\$255,000	\$255,000
Temp Transfer Authority (4n)	\$0	\$2,113,000	\$2,113,000
Construction of affordable housing	\$0	\$7,221,107	\$7,221,107
Admin costs (HRA)	\$1,020,967	(\$800,000)	\$220,967
Total Project/Financing Costs	\$5,324,848	\$9,305,226	\$14,630,074
Est. Financing Costs/Interest Expense	\$5,318,708	(\$2,613,708)	\$2,705,000
Total Est. Project/Financing Costs Paid from Tax Inc	\$10,643,556	\$6,691,518	\$17,335,074
Total Amount of Bonds to be Issued	\$9,659,121	\$0	\$9,659,121

Exhibit B Projected Tax Increments

**Housing & Redevelopment Authority of the City of St. Paul
HOUSING TAX INCREMENT FINANCING DISTRICT NO. 2
Shepard Davern Rental Housing Project (TIF #244)
Projected Tax Increments - Amendment**

Assess Year (1)	Collect Year (2)	Total Net Tax Capacity (3)	Less Original Net Tax Capacity (4)	Captured Net Tax Capacity (5)	Sharing Factor (5)	Increment Tax Capacity (6)	Frozen Tax Rate (7)	Projected Tax Increment (8)	<i>Est. Tax Incr from Frozen Levy Rate*</i>			Less State Auditor Deduction (12)	Annual Tax Incr to HRA (13)
									City Levy 34.915% (9)	County Levy 49.255% (10)	School District Levy 31.866% (11)		
2023	2024	730,416	(33,546)	696,870	0.954073	696,870	122.070%	\$850,669	\$243,312	\$343,243	\$222,065	(\$3,062)	\$847,607
2024	2025	630,941	(31,678)	599,263	0.949792	599,263	122.070%	\$731,520	\$209,233	\$295,167	\$190,961	(\$2,633)	\$728,887
2025	2026	630,941	(31,678)	599,263	0.949792	599,263	122.070%	\$731,520	\$209,233	\$295,167	\$190,961	(\$2,633)	\$728,887
2026	2027	630,941	(31,678)	599,263	0.949792	599,263	122.070%	\$731,520	\$209,233	\$295,167	\$190,961	(\$2,633)	\$728,887
2027	2028	630,941	(31,678)	599,263	0.949792	599,263	122.070%	\$731,520	\$209,233	\$295,167	\$190,961	(\$2,633)	\$728,887
2028	2029	630,941	(31,678)	599,263	0.949792	599,263	122.070%	\$731,520	\$209,233	\$295,167	\$190,961	(\$2,633)	\$728,887
2029	2030	630,941	(31,678)	599,263	0.949792	599,263	122.070%	\$731,520	\$209,233	\$295,167	\$190,961	(\$2,633)	\$728,887
2030	2031	630,941	(31,678)	599,263	0.949792	599,263	122.070%	\$731,520	\$209,233	\$295,167	\$190,961	(\$2,633)	\$728,887
Projections 2024-2031								\$5,971,312	\$1,707,941	\$2,409,412	\$1,558,793	(\$21,497)	\$5,949,816
Actual/Projection 2006-2023**								\$10,614,600	\$3,036,035	\$4,282,970	\$2,770,909	(\$38,213)	\$10,576,387
Projected Totals 2006-2031								\$16,585,911	\$4,743,975	\$6,692,382	\$4,329,701	(\$59,709)	\$16,526,203

* The Frozen Levy Rates per taxing jurisdiction are used to estimate

** The total Tax Increment to the HRA is the actual receipted, allocation to taxing jurisdictions is projection

Exhibit C
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 14 for the purposes of financing the public costs referenced in Section 9, as the same may be amended, following which period the increased assessed valuations will inure to the benefit of such taxing jurisdictions.

For payable 2024 property taxes, the respective original tax capacity rate and net tax capacities of these taxing jurisdictions are set out on the following page.

On the assumption that the estimated captured tax capacity of the TIF District would be available to the identified taxing jurisdictions without creation of the TIF District, the impact of this tax increment financing on the tax capacities of those taxing jurisdictions is shown by comparing the estimated \$696,870 of captured tax capacity in payable 2024, to the tax capacities of each of those jurisdictions, respectively, as set forth on the following page. The preliminary Pay 2025 captured tax capacity was provided by Ramsey County.

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 the TIF District, during the period of the TIF District's existence, there would be no effect on the above tax capacities, but upon the expiration or earlier termination of the 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.

As shown in **Exhibit B**, the estimated amount of tax increment that will be generated over the life of the TIF District is approximately \$16,585,911 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 \$4,329,701 and \$6,692,382, respectively, based on the original tax capacity rate. It is not expected that any developments will have any impact on the need for new or improved public infrastructure, nor any increase in police and fire staffing levels, which serve the entire city, and there will be no impact on the City's or the HRA's ability to issue other debt for general fund purposes.

**Housing & Redevelopment Authority of the City of St. Paul
Shepard Davern Rental Housing #244
Tax Increment Financing District (Housing)
Statement of Alternate Estimates of the Impact of Tax Increment Financing**

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
	Preliminary Pay 2025 Taxable Net Tax Capacity (a)	Original Tax Capacity Rate	Preliminary Pay 2025 Taxable Net Tax Capacity (a)	Pay 2024 Captured Net Tax Capacity	New Taxable Net Tax Capacity (b)	Hypothetical Local Tax Rate	Hypothetical Decline in Local Tax Rate	
City of St. Paul	341,147,658	34.915%	341,147,658	696,870	341,844,528	34.844%	0.071%	\$243,312
Ramsey County	741,410,124	49.255%	741,410,124	696,870	742,106,994	49.209%	0.046%	\$343,243
ISD #625	341,147,918	31.866%	341,147,918	696,870	341,844,788	31.801%	0.065%	\$222,065
Miscellaneous	*	-	-	-	-	6.034%	0.000%	\$0
		122.070%				121.888%	0.182%	\$808,620

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 0.182%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional \$808,620 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 4.94% of the total local tax rate.