

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 23, 2021

REGARDING: RESOLUTION APPROVING (i) THE ESTABLISHMENT OF THE FORD SITE HOUSING TAX INCREMENT FINANCING DISTRICT #1 IN THE FORD SITE REDEVELOPMENT PROJECT AREA (ii) A TAX INCREMENT FINANCING PLAN THEREFOR (iii) AN AMENDMENT TO THE TAX INCREMENT FINANCING PLAN FOR THE FORD SITE REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT AND (IV) AN HRA BUDGET AMENDMENT, DISTRICT 15, WARD 3

Requested Board Action

The purpose of this report is to request the Housing and Redevelopment Authority (HRA) Board of Commissioners to approve the attached Resolution approving the establishment of the Ford Site Housing Tax Increment Financing District #1 located on the Highland Bridge site and adoption of a TIF Plan.

Background

The City Council and HRA Board approved a redevelopment agreement with Ryan Companies for redevelopment of the Ford site, now known as “Highland Bridge”, on December 4, 2019 (RES 19-2066 and RES PH 19-388) (the “Agreement”), which includes, among other sources, tax increment assistance from the Ford Site Redevelopment TIF District established by the HRA in 2016, and amended in 2019 and 2020.

Affordable housing priorities were established during the Master Plan process and were memorialized in the Agreement with Ryan. The affordable housing is to be distributed throughout the site in a variety of forms, with the overarching 20% affordability goal within the Highland Bridge site to include various levels of affordability and a mix of housing types, including townhomes, rental, ownership and senior. Approximately 763 affordable housing units will be built on the site, with a mix of approximately: 5% at 60% of Area Median Income (AMI) (achieved with approximately 31 rental units within market-rate buildings representing roughly 1% of the market rate rental units and approximately 156 rental units in affordable buildings, and 6 owner-

occupied townhomes), 5% at 50% AMI (achieved with approximately 190 rental units in affordable buildings), 10% at 30% AMI (achieved with approximately 380 rental units in affordable buildings).

Ryan has partnered with CommonBond Communities, Project for Pride in Living and Habitat for Humanity to develop the housing in the affordable buildings. All affordable housing developments seeking public assistance on the Highland Bridge site will be individually underwritten to ensure reasonable development costs and maximization of all available sources, as is customary for any requests throughout the City.

The Agreement with Ryan preserved the option to create new Housing TIF Districts for individual affordable housing projects by removing parcels from the Ford Site Redevelopment TIF District and establishing new Housing TIF Districts that include the removed parcels. The intended strategy is to pair market rate developments with affordable developments within a new Housing TIF district to generate additional resources to finance the requisite affordable housing through the entire Highland Bridge site.

Current Actions:

The HRA has received an application from Project for Pride in Living (PPL) requesting tax increment financing assistance to construct two affordable developments on previously restricted land as contemplated in the Agreement with 60 rental units for occupancy by households at 30% of AMI in one building (Emma Norton) and 75 rental units for households at 50% and 60% AMI in the other building (Nellie Francis Court).

Both projects will be included in a new Housing TIF District (Ford Site Housing TIF District #1) paired with a market rate senior living project developed by Presbyterian Homes. The Presbyterian Homes project includes a four-story building with approximately 182 senior living and adult care units and will be constructed together with an additional 118-unit mixed-use building with senior independent living units and approximately 4,000 square feet of retail, the second of which will be included in a separate housing TIF district for consideration on this same date.

The Saint Paul HRA prepared a Housing TIF Plan to assist in financing the PPL projects and additional affordable projects to be located within the Highland Bridge Site. The TIF Plan was approved by the City Council following a public hearing on April 14, 2021. With this action, the HRA Board will complete the required action to establish the Ford Site Housing TIF District #1 and TIF Plan. This action is required to occur in June prior to the Presbyterian Homes project building permit being issued, so that increment from the Presbyterian Homes project is included in the new housing TIF district. Additionally, the parcels included in this new housing TIF district are included in the existing Ford Site Redevelopment TIF district, and action is included in the resolution to remove these parcels by approving a 3rd Amendment to the Ford Site Redevelopment TIF Plan. City staff expect to seek approval for TIF assistance for the PPL developments from the HRA Board in late fall or early winter.

Information from the TIF Plan is shown below:

- Total estimated market value in TIF District: \$75.8 million.
- TIF collection period: 2024 through 2049.
- Total TIF budget is \$28.9 million, including interest/investment earnings.
- Budgeted uses include: \$16.24 million in affordable housing construction; \$2.75 million admin and \$9.9 million in interest expenses.

The other housing TIF district being considered as a separate action item on this same date includes an affordable project to be developed by CommonBond Communities on previously restricted land as contemplated in the Agreement with 60 senior rental units for occupancy by households at 30% of AMI.

Budget Action

The HRA is approving a budget amendment to align with the financing and spending included in the TIF Plan. The budget amendment is included in the Attached Financial Analysis.

Future Action

PED staff will return to the HRA Board to request approval of a Development Agreement by and among the HRA and Project for Pride in Living that will have all the terms and conditions of the projects to be completed and the final amount of TIF needed to help finance the projects.

PED Credit Committee Review

The Credit Committee will review the proposed TIF assistance for the PPL developments prior to the proposed HRA Board consideration mentioned above.

Compliance

The following compliance requirements will apply to one or both projects, depending on funding sources: Vendor Outreach, Affirmative Action, Labor Standards, Prevailing Wage, Section 3, Project Labor Agreement, and the Two-Bid Policy.

Green/Sustainable Development

Both projects will comply with Saint Paul Sustainable Development Ordinance.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

1. The Ford Site Master Plan is in conformance with the Land Use and Housing Chapters of the 2040 Comprehensive Plan, which identifies the site as part of a mixed-use corridor and an opportunity site and a partial contributor to the Highland Village/Ford Site neighborhood node.
2. The Housing TIF District #1 is in conformance with Comprehensive Plan policy H-15 calls for accommodating a wide variety of culturally appropriate housing types for residents at

all stages of life and levels of abilities.

3. Comprehensive Plan policy H-16 calls for increasing housing choice across the city to support economically diverse neighborhoods.
4. Comprehensive Plan policy H-37 encourages new affordable housing development near transit and jobs.

Recommendation:

The Executive Director recommends and requests the HRA Board of Commissioners consider adoption of the attached Resolution which will approve the establishment of the Ford Site Housing TIF District #1 on the Highland Bridge site for the Project for Pride in Living housing projects and approves the adoption of the TIF Plan.

Sponsored by: Commissioner Chris Tolbert

Staff: Sarah Zorn, 651-266-6570

Attachments

- **Financial Analysis**
- **Map**
- **District 15 Profile**
- **Ford Site Housing TIF District #1 TIF Plan**
- **3rd Amendment to Ford Site Redevelopment TIF Plan**