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**CITY OF SAINT PAUL**

**INTRODUCTION TO TAX INCREMENT SPENDING PLAN AUTHORITY  
FOR PUBLIC INFRASTRUCTURE TO ADVANCE PRIVATE  
DEVELOPMENT AT THE HEIGHTS**

December 11, 2024



# Temporary Authorization for Use of Tax Increment

- MN Statutes Section 469.176, subdivision 4n of the TIF Act provided temporary authorization for the HRA to spend unobligated tax increments from any existing tax increment financing district to advance private development that includes the construction or substantial rehabilitation of buildings and that creates or retains jobs in the state, including construction jobs
- **The construction of the private development must commence before December 31, 2025, and would not have occurred without the tax increment assistance**
- **Requires all spending to be completed by December 31, 2025**
- The HRA may only spend unobligated tax increments after creating a written **Spending Plan**
- Unobligated tax increments may be used to provide improvements, loans, interest rate subsidies, or assistance in any form to advance private development



## Temporary Authorization for Use of Tax Increment (Cont'd)

- The HRA and City adopted **Spending Plan** identified six categories of spending to advance private development, including the following:
  - Development of underutilized, privately owned redevelopment sites;
  - Developments that demonstrate substantial job impacts
  - Development of all types of housing production
- To date, 9 projects were approved allocating \$21,768,845
- **Total uncommitted spending authority is \$5,780,202**

# THE HEIGHTS

ON SAINT PAUL'S GREATER EAST SIDE

## THE HEIGHTS



24 acres zoned to support an influx of **1,000+ housing units** with a focus on quality and affordability



54 acres zoned for light industrial to support **1,000 living wage jobs** and \$100M+ in private investment



**Significant sustainability goals** including LEED for Communities Platinum certification



20+ acres of publicly **accessible green space**, broad trail network, and amenity spaces



# The Heights Current Status

## Construction Update

- Environmental Remediation is complete
- Bolander finishing grading and wetland work (95% complete)
- Designing Earth Contracting street and utilities work (40% complete)
- Heights Community Energy piping installation (25% complete)
- Habitat for Humanity – 30 home ownership units under construction
- Industrial development anticipated with Xcel Energy’s new service center
  - Anticipated groundbreaking in Spring 2025 with public infrastructure investment
- Multifamily workforce and affordable housing projects seeking financing

**740,000**

CUBIC YARDS

Soil Excavation

**4,267**

LINEAR FEET

New Sanitary Sewer  
Installed

**7,771**

LINEAR FEET

New Utilities Installed

**2,130**

LINEAR FEET

New Storm Sewer  
Installed



## The Heights Redevelopment – Current Status

- The original budget to complete site infrastructure anticipated:
  - \$5,500,000 in environmental remediation
  - More than \$3,736,000 of design and engineering
  - More than \$22,195,000 of grading and site prep
  - More than \$16,568,513 of utilities and roads
- Costs have increased from the original budget in early 2023:
  - There was more contamination on the site than expected
  - Site Plan Review process led to additional infrastructure costs
  - Inflationary pressures as seen by all developments





## Staff Recommendation

- Allocate \$5,780,202 balance of our Spending Plan unobligated tax increment, for public infrastructure supporting all of the private development on the site
- Ensuring Xcel Energy is able to commence construction by Dec. 31, 2025





## EMPLOYMENT OPPORTUNITY

The funding is consistent with HRA adopted Spending Plan by advancing private development of an underutilized site and producing jobs



- The Heights Master Plan anticipates over 1,000 living wage jobs on the site, focusing on light industrial operations with low barrier to entry jobs.
- The Xcel Energy new facility will include 350 jobs retained in Saint Paul

# HOUSING OPPORTUNITY

**There is a housing shortage in the City Saint Paul, including the Greater Eastside.**



## **New Housing Options in The Heights Master Plan**

- 24-acres
- 1,000+ Housing Units
- High Quality
- Sustainable
- Affordable Options Including home ownership
- Mix of Single + Multifamily units



## The Heights Redevelopment – HRA Action

- HRA authorizes the expenditure of unobligated tax increments under the Spending Plan in the amount of \$5,780,202
- HRA will disburse unobligated tax increments for infrastructure required for the Xcel Energy development to commence construction by Dec. 31, 2025
- **Timely completion of the infrastructure at The Heights allows Xcel Energy to commence construction of their private development by December 31, 2025, and will result in the advancement of private development by multiple developers including an aggregate 1,000 new housing units and additional commercial and industrial development resulting in an aggregate 1,000 living wage jobs**



## Questions?

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