

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 14, 2016

REGARDING: RESOLUTION APPROVING THE ADOPTION OF AN AMENDMENT TO THE TAX INCREMENT FINANCING PLAN FOR THE SAINT PAUL NEIGHBORHOOD SCATTERED SITE TAX INCREMENT FINANCING DISTRICT NO. 100 AND NO. 148, Wards 1, 2, 3, 5 and 6, Districts 2, 5, 6-9, 13 and 15

Requested Board Action

The Housing and Redevelopment Authority of the City of Saint Paul (HRA) Board of Commissioners is requested to approve the attached resolution authorizing adoption of the Third Amendment to the Saint Paul Neighborhood Scattered Site Tax Increment Financing Plan (“TIF Plan”) for TIF District No. 100 and No. 148 to increase revenues and authorized expenditures.

Background

The HRA created the Saint Paul Neighborhood Scattered Site TIF District No. 100 and No. 148 (Empire Builder) (“TIF District”) in 1988 and has used tax increment from the District to assist multiple redevelopment projects throughout the city, including: the North End Center on Rice and Front; Seeger Square on Arcade; Phalen Village; University and Dale (northeast and southwest corners); St. Albans project; Hafners/Hillcrest Center on White Bear Avenue; and the Empire Builder Business Park (completed by the Port Authority). The TIF Plan was amended and restated in 2004.

In March 2010 the TIF Plan was amended to increase the budget to assist in the financing of the betterments for the Green Line Light Rail Transit. In September 2010 the HRA authorized \$3,000,000 of tax increments from the TIF District for The Lofts at Farmers Market rental housing project. In December 2011 the HRA authorized a total of \$6,802,081 of tax increments from the Scattered Site TIF District No. 100 for the Penfield project. In November 2015 the HRA approved a Second Amendment to the TIF Plan to include revenue returned to TIF District No. 100 from the sale of the Lofts project.

The Penfield project was sold on September 22, 2016, and the portion of Scattered Site TIF District No. 100 funds expended for the project needs to be returned to the TIF District.

2016 is the final year of the Scattered Site TIF District No. 100, and the HRA cannot modify the TIF Plan, including the spending budget, after the year ends. Although the collection of tax increments generated by the property taxes paid by the parcels within TIF District No. 100 will end in 2016, revenues from the sale of property financed with tax increment may be received, and expenditures of all available revenues can occur, beyond 2016.

Staff has determined that it is necessary to further amend the TIF Plan to: 1) increase the budgeted revenues to reflect the receipt of the sales proceeds from the Penfield project, and other potential revenues; and 2) increase authorized expenditures in connection with development and redevelopment anticipated to occur within the Saint Paul Neighborhood Redevelopment Project Area, including, but not limited to, development along the Green Line Light Rail Transit and the construction of affordable housing within the City. The Third Amendment to the TIF Plan and a map of the TIF District and Project Area are included as attachments.

The HRA's action is contingent on the City Council holding a public hearing on December 21, 2016, to consider making the findings required by the TIF Act and approving the Amendment of the TIF Plan.

In March 2016 the HRA approved spending \$6,402,081 of the returned tax increment from the sale of the Penfield project for the Soccer Stadium Site infrastructure costs.

Budget Action

The HRA is approving a budget amendment to increase revenues and expenditures for future spending which is included in the attached Financial Analysis.

Future Action

N/A

Financing Structure

The funding for TIF-eligible activities will include: 1) all available tax increment revenue generated from tax increments collected from the TIF District properties; and 2) tax increments generated from the individual projects financed with TIF District tax increments (i.e., sale and/or loan proceeds).

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The HRA will be able to assist in the financing of development and redevelopment projects within the City and Project Area. All future activities will conform to adopted citywide and neighborhood plans.

Recommendation:

The Executive Director recommends that the HRA Board of Commissioners approve the attached Resolution approving the Third Amendment to the Saint Paul Neighborhood Scattered Site Tax Increment Financing Plan No. 100 and No. 148.

Sponsored by: Commissioner Thao

Staff: Jenny Wolfe, 266-6680

Attachments

- **Attachment – HRA Budget Amendment**
- **Attachment – Third Amendment to Saint Paul Neighborhood Scattered Site No. 100 and No. 148 TIF Plan**
- **Attachment – Map of TIF District & Project Area**