

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 14, 2016

REGARDING: RESOLUTION APPROVING THE DECERTIFICATION OF THE PENFIELD REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT AND THE TERMINATION OF THE DEVELOPMENT AGREEMENT WITH PENFIELD APARTMENTS LLC, DISTRICT 17, WARD 2

Requested Board Action

The actions being requested of the HRA Board are as follows:

1. Authorization to terminate the Development Agreement between the Penfield Apartments LLC and the Housing and Redevelopment Authority of the City of Saint Paul.
2. Authorization to request decertification of the Penfield Redevelopment TIF District.

Background

On February 22, 2012, the Housing and Redevelopment Authority of the City of Saint Paul (HRA) approved the development of the Penfield project which included 254 market rate apartments and a Lunds & Byerlys grocery store. The HRA: 1) authorized the creation of the Penfield Apartments LLC (the “LLC”), which is solely owned by the HRA; 2) created the Penfield Redevelopment TIF District (the “TIF District”); and 3) authorized the execution of a Development Agreement and the issuance of a TIF Pay-Go-Note (the “TIF Note”) to the LLC to assist in the financing of the Penfield project.

The Penfield project was sold on September 22, 2016. On October 12, 2016, the LLC authorized the termination of the Development Agreement and termination of the TIF Note. With the termination of the Development Agreement and TIF Note, the HRA can close the 25 year TIF District early.

Resolution RES #16-1776 to decertify the TIF District was originally adopted by the HRA on October 12, 2016, and then reconsidered by the HRA on October 26, 2016. Staff requested the resolution be reconsidered and voted down to provide more time to evaluate the distribution of the Penfield sales proceeds. The HRA Board voted down the reconsidered resolution as

recommended, with seven opposed. Staff further indicated a new resolution would be before the HRA Board in the future to decertify the TIF District.

The proposed resolution indicates the TIF District will be decertified effective December 31, 2016. The second half collection of tax increments from the TIF District for Pay 2016 will be returned to Ramsey County and redistributed to the appropriate taxing jurisdictions.

Recommendation:

The Executive Director recommends and requests that the HRA Board of Commissioners approve the attached resolution which approves the termination of the Development Agreement and decertification of the TIF District.

Sponsored by: Commissioner Noecker

Staff: Jenny Wolfe, 266-6680