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

REPORT TO THE COMMISSIONERS **DATE: DECEMBER 3, 2025**

REGARDING: RESOLUTION APPROVING (I) THE ADOPTION OF A SECOND AMENDED AND RESTATED SPENDING PLAN FOR VARIOUS TAX INCREMENT FINANCING DISTRICTS UNDER MINNESOTA STATUTES, SECTION 469.176, SUBD 4N AND (II) AN HRA BUDGET AMENDMENT, CITYWIDE

Requested Board Action

Approval of the resolution which adopts a Second Amended and Restated Spending Plan (the "Spending Plan") in accordance with Minnesota Statutes, Section 469.176 Subd. 4n (the "Temporary TIF Act"), as amended.

Background

The 2021 Omnibus Tax Bill provided temporary authorization to expend unobligated Tax Increment to advance private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities to create or retain jobs in the state, including construction jobs, as long as construction commences before December 31, 2025, and would not have commenced before that date without the assistance. The legislation required that a public hearing on a Spending Plan be held at the City Council and that the HRA adopt a resolution approving the Spending Plan. On June 22, 2022, the HRA Board adopted RES 22-955, and the City Council adopted RES PH 22-172, approving the Spending Plan authorizing the expenditure of up to $28,150,000 in unobligated tax increments. Additionally, the City Council adopted RES PH 22-297 on September 28, 2022, reaffirming the approval of the Spending Plan. The HRA's Spending Plan was Supplemented on February 22, 2023, with action by the HRA Board (RES 23-252) and City Council (RES PH 23-36).

The HRA transferred $27,549,047 in unobligated tax increments to a separate holding account (the "Spending Plan Account"), from the TIF Districts identified in the Spending Plan, to provide improvements, loans, interest rate subsidies or assistance in any form to private development occurring anywhere within the City that meets the requirements of the Temporary TIF Act. The amounts transferred for each TIF district is shown on the following page.

TIF District Name	Transferred Tax Increments
Block 4/MN Mutual Redevelopment	$267,000.00
North Quadrant Housing	$452,000.00
Riverfront Renaissance Redevelopment	$9,982,000.00
Emerald Park Redevelopment	$2,639,000.00
Straus Building-Housing	$91,000.00
Phalen Village Redevelopment	$3,386,110.00
Osceola Park Housing	$106,000.00
Bridgecreek Senior Place Housing (aka Parkway Gardens)	$121,213.00
Shepard Davern Redevelopment No. 1 (Owner Occupied Housing)	$311,590.00
Shepard Davern Housing No. 2 (Rental Housing)	$2,113,000.00
Shepard Davern Housing No. 3 (Senior Rental Housing)	$106,660.00
Koch Mobil Redevelopment	$4,000,000.00
Carlton Lofts Housing	$123,936.00
Highland Pointe Lofts Housing (aka Riverpointe Lofts)	$256,662.00
Minnesota Building Housing	$74,331.00
Pioneer Endicott Redevelopment	$493,127.00
Schmidt Brewery Housing	$153,425.00
West Side Flats Phase I Housing	$537,379.00
Custom House/Post Office Redevelopment	$2,038,000.00
East 7th & Bates Senior Housing	$63,133.00
2700 University at Westgate Station Housing	$233,481.00
TOTAL TRANSFERRED INCREMENTS	**$27,549,047**

In 2022 through 2024, the HRA Board authorized projects and spending for ten (10) projects for the total of $27,549,047 (the transferred tax increments) as shown below:

Project Name	Amount	Project Name	Amount
Listening House	**$1,400,000**	Mali Center Project	**$440,000**
Water Street Infrastructure	**$5,000,000**	Habitat Phase One The Heights	**$4,200,000**
Little Africa Plaza	**$1,832,997**	Snelling Midway/United Village	**$4,000,000**
Landmark Towers	**$3,825,000**	892 East 7th Street Project	**$684,569**
652 Sherburne Project	**$386,279**	The Heights Infrastructure	**$5,780,202**

The 2025 State Legislature amended the Temporary TIF Act authorizing TIF authorities to amend existing written spending plans to extend the date by which transferred increment may be used to December 31, 2026, and to authorize the use of interest earned on transferred increment.

To enable the HRA to utilize the additional revenues (of up to $1,500,000) and extended spending period (to December 31, 2026), we need to amend our Spending Plan, with action by the HRA Board, and the City Council with a public hearing.

The Second Amended and Restated Spending Plan will authorize the HRA to utilize transferred increments <u>and interest thereon</u> in an aggregate amount not to exceed $29,049,047 (the "Available Tax Increments"), to provide improvements, loans, interest rate subsidies or assistance in any form to private development occurring anywhere within the City that meets the requirements of the Temporary TIF Act described above. **The additional spending is limited to the lesser of the actual interest earnings or $1,500,000.**

The assistance authorized under the Spending Plan expressly includes, but is not limited to:

a) Installation of sanitary sewer infrastructure serving the area defined in general terms as follows: the area bounded by the Mississippi River on the north, Wabasha Street on the east, Smith Avenue on the west and the bluff on the south, including without limitation an expenditure of up to **$5,000,000 for the installation of sanitary sewer infrastructure** in connection with private development served thereby, including 221 unit rental housing (Esox House) and 63 unit affordable rental housing (Harbourline).

b) Financial assistance to advance private development of HRA-owned sites.

c) Financial assistance to advance private development of underutilized, privately owned redevelopment sites within the City, including without limitation assistance for **Little Africa Plaza** in the amount of up to **$1,832,997,** assistance for **Snelling Midway/United Village** in the amount of up to **$4,000,000,** and assistance for **infrastructure for The Heights** development in the amount of up to **$5,780,202.**

d) Financial assistance to advance the construction of private developments demonstrating substantial job impacts, especially in the technology and innovation sectors.

e) Financial assistance to advance construction of private development of all types of housing production and private facilities serving unsheltered populations within the City, including without limitation a forgivable loan of up to **$1,400,000 to Listening** House of St. Paul, Incorporated for a private facility serving unsheltered populations at 421 East 7th Street in the City, assistance for **Landmark Towers** in the amount of up to **$3,825,000**, assistance for **652 Sherburne** in the amount of up to **$386,279**, assistance for **The Heights Habitat for Humanity Phase I** in the amount of up to **$4,200,000**, and assistance for **892 E 7th St** in the amount of up to **$684,569**.

f) Financial assistance to advance private development of commercial and mixed-use properties for the purpose of preventing displacement of emerging and small businesses from within the City. The private development will include substantial rehabilitation or new construction of commercial and mixed-use properties in all areas of the City, focusing on areas with increasing market values and redevelopment pressures, including without limitation assistance for **Mali Center** in the amount of up to **$440,000**.

Additionally, the HRA is authorized to spend available tax increments for any other private development in the City for which the HRA finds that the private development will create or retain jobs in the State (including construction jobs); that the private development will commence before December 31, 2026; and that such construction would not have commenced before December 31, 2026, without the assistance under this Spending Plan.

In connection with the assistance, the HRA expressly finds that the financial assistance will result in the commencement of private development by December 31, 2026, which private development would not occur by this date without the financial assistance authorized in the Spending Plan. The private development will result in the creation of jobs, including construction jobs, and will increase the City's tax base.

Budget Action

The HRA is approving a budget amendment to increase the total spending from the interest earned on the transferred tax increments, which budget amendment is included in the **attached** Financial Analysis.

Future Action:

The Spending Plan authorizes, but does not obligate, the HRA to spend transferred tax increments and interest thereon. Any obligation to provide financial assistance under the Spending Plan must be evidenced by a contract approved by the HRA Board, entered into with a party who otherwise meets the requirements of the Spending Plan and the Temporary TIF Act. Any remaining tax increments or interest thereon in the Spending Plan Account will be transferred back to one or more TIF districts.

Financing Structure

Individual project financing will be authorized at the appropriate time with future HRA Board action.

PED Credit Committee Review

Each individual project will be reviewed by the PED Credit Committee prior to future requested HRA Board action.

Compliance

All projects will meet required compliance, which will be detailed at the appropriate time with future HRA Board action.

Green/Sustainable Development

All projects will meet sustainable development requirements, if applicable, and as determined with future HRA Board action.

Environmental Impact Disclosure

All projects will meet environmental impact requirements, if applicable, and as determined with future HRA Board action.

Historic Preservation

All projects will meet historic preservation requirements, if applicable, and as determined with future HRA Board action.

Public Purpose/Comprehensive Plan Conformance

The approval of the Spending Plan will advance private development that would otherwise not occur without financial assistance, resulting in the creation of jobs, including construction jobs, and increasing the City's tax base. All projects will conform with the City's Comprehensive Plan, and such conformance will be documented with project approval through future HRA Board action.

Recommendation:

The Executive Director recommends approval of the resolution which adopts the Second Amended and Restated Spending Plan in accordance with Minnesota Statutes, Section 469.176 Subd. 4n (the "Temporary TIF Act"), as amended, and approves an HRA budget amendment.

Sponsored by: Chair Cheniqua Johnson

Staff: Jenny Wolfe (266-6680)

Attachments

- Second Amended and Restated Spending Plan
- Financial Analysis
- Presentation