



STPAUL.GOV

CITY OF SAINT PAUL

INTRODUCTION TO KOCH MOBIL TIF DISTRICT DECERTIFICATION

October 16, 2024



BRIEF HISTORY OF KOCH MOBIL TIF DISTRICT

- Redevelopment TIF District established February 11, 2004
- District comprised mainly of two properties with former oil tanks (Koch Refineries and Exxon/Mobil)
- Planned development included over 850 housing units, with a mix of rental and ownership and affordable and market rate, plus open space
- Original proposal included HRA acquisition, installation of infrastructure and sale of development blocks to vertical developer (Brighton Development)
 - Koch property was acquired, and infrastructure completed, Exxon/Mobil restricted their property (no residential uses)
 - HRA eventually acquired Exxon/Mobil through eminent domain for open space (Victoria Park)



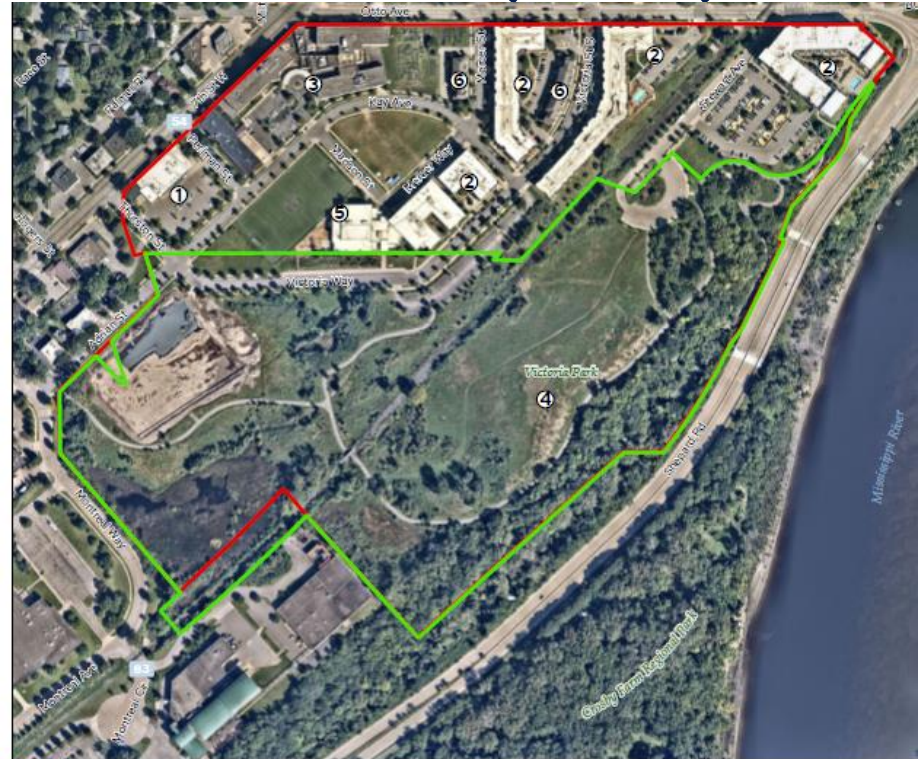
BRIEF HISTORY OF KOCH MOBIL TIF DISTRICT (Cont'd)


- Currently, the TIF District consists of the following (map on following slide):
 - Victoria Park (40-acre master planned city park under development)
 - 195 units of senior housing with continuum of care owned/operated by Sholom (with 45 deeply affordable units)
 - 472 market rate rental apartments
 - 13 rental townhomes
 - Mississippi Market Co-Op
 - Nova Classical Academy K-12 Charter School



BRIEF HISTORY OF KOCH MOBIL TIF DISTRICT (Cont'd)

- 1) Mississippi Market Co-Op
- 2) 472 market rate rental apartments
- 3) 195 units of senior housing with continuum of care owned/operated by Sholom (with 45 deeply affordable units)
- 4) [Victoria Park \(40-acre master planned city park under development\)](#)
- 5) Nova Classical Academy K-12 Charter School
- 6) 13 rental townhomes



 Victoria Park Boundary



BRIEF HISTORY OF KOCH MOBIL TIF DISTRICT (Cont'd)

- The TIF Plan authorized the expenditure of tax increments for qualifying public improvements (installation of infrastructure), as the in-district expenditures
- The City issued General Obligation Tax Increment Revenue obligations, and refunding obligations, and currently \$1,075,000 remains outstanding (Series 2010A) and the HRA pledged tax increments to the repayment of the city obligations
- The TIF Plan also authorized expenditures outside the TIF district (“Pooling”)
 - \$1.3 million was utilized to assist redevelopment efforts at Schmidt Brewery site
 - \$1.4 million was utilized for affordable rental housing, with an additional \$700,000 planned
 - MN TIF Statutes limit Pooling, including administrative expenditures, to not more than 35% of the tax increments collected (with 65% expended for qualifying in-district expenditures)



EARLY DECERTIFICATION DETERMINATION

- **Limitations on Pooling (Five-Year Rule)**
 - Five-Year Rule defines costs obligated after the first five years as being “out-district” even if they are within the TIF district boundary
 - This means that additional obligations/expenditures after the Five-year date are subject to Pooling limitations
 - Koch Mobil TIF district Five-Year date was October 14, 2015*
 - This limitation restricts use of collected tax increments
- Main driver for the lower amount of qualifying in-district expenditures was the lack of development and reduction in qualifying expenditures on the Exxon/Mobil property (tax increments cannot be used for a public park)

**MN Statutes allowed certain TIF districts, including Koch Mobil, to extend the five-year rule to ten years, so we effectively had ten years*



EARLY DECERTIFICATION DETERMINATION (Cont'd)

- Statutory decertification date is 12/31/2030
- HRA expects to collect sufficient tax increments through 12/31/2024 to expend for future Pooling for qualifying affordable housing
- Resulting in determination to decertify early as of 12/31/2024 (6 years early)
- **No future tax increments will be collected by the HRA, as the TIF Authority, from taxes due in 2025 and beyond for the TIF district properties**
- HRA authorized to continue to spend within Pooling limitations



HRA BOARD AND CITY COUNCIL ACTION

- **HRA Board** Resolution for adoption on **October 23, 2024**
 - Authorize the early decertification of the TIF district as of 12/31/2024
 - Amend the HRA's debt service budget to redeem the City obligations
 - \$1,075,000 in principal
 - \$20,053 in interest (up to amount)
- **City Council** Resolution for adoption on **October 23, 2024**
 - Call for redemption of GO Tax Increment Refunding Bonds
 - Terminate Tax Increment Pledge Agreement



NEXT STEPS

- HRA Board pending action to allocate collected tax increments for qualifying affordable housing projects
- Staff will monitor spending and is authorized and directed to determine the amount of tax increments to be returned to Ramsey County for redistribution
- HRA will continue to report activity in the TIF district until all spending has been completed, including returning tax increments to the county



Questions?

Staff Contact:

Jenny Wolfe, PED, HRA Debt Manager

651-266-6680

jenny.wolfe@ci.stpaul.mn.us