

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 23, 2021

**REGARDING: RESOLUTION APPROVING (i) THE ESTABLISHMENT OF THE FORD SITE HOUSING TAX INCREMENT FINANCING DISTRICT #2 IN THE FORD SITE REDEVELOPMENT PROJECT AREA (ii) A TAX INCREMENT FINANCING PLAN THEREFOR AND (iii) AN AMENDMENT TO THE TAX INCREMENT FINANCING PLAN FOR THE FORD SITE REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT AND (IV) AN HRA BUDGETAMENDMENT, DISTRICT 15, WARD 3**

## **Requested Board Action**

The purpose of this report is to request the Housing and Redevelopment Authority (HRA) Board of Commissioners to approve the attached Resolution approving the establishment of the Ford Site Housing Tax Increment Financing District #2 located on the Highland Bridge site and adoption of a TIF Plan.

## **Background**

The City Council and HRA Board approved a redevelopment agreement with Ryan Companies for redevelopment of the Ford site, now known as “Highland Bridge”, on December 4, 2019 (RES 19-2066 and RES PH 19-388) (the “Agreement”), which include, among other sources, tax increment assistance from the Ford Site Redevelopment TIF District established by the HRA in 2016, and amended in 2019 and 2020.

Affordable housing priorities were established during the Master Plan process and were memorialized in the Agreement with Ryan. The affordable housing is to be distributed throughout the site in a variety of forms, with the overarching 20% affordability goal within the Highland Bridge site to include various levels of affordability and a mix of housing types, including townhomes, rental, ownership and senior. Approximately 763 affordable housing units will be built in the site, with a mix of approximately: 5% at 60% of Area Median Income (AMI) (achieved with approximately 31 rental units within market-rate buildings representing roughly 1% of the market rate rental units and approximately 156 rental units in affordable buildings, and 6 owner-

occupied townhomes), 5% at 50% AMI (achieved with approximately 190 rental units in affordable buildings), 10% at 30% AMI (achieved with approximately 380 rental units in affordable buildings).

Ryan has partnered with CommonBond Communities, Project for Pride in Living and Habitat for Humanity to develop the housing in the affordable buildings. All affordable housing developments seeking public assistance on the Highland Bridge site will be individually underwritten to ensure reasonable development costs and maximization of all available sources, as is customary for any requests throughout the City.

The Agreement with Ryan preserved the option to create new Housing TIF Districts for individual affordable housing projects by removing parcels from the Ford Site Redevelopment TIF District and establishing new Housing TIF Districts that include the removed parcels. The intended strategy is to pair market rate developments with affordable developments within a new Housing TIF district to generate additional resources to finance the requisite affordable housing through the entire Highland Bridge site.

**Current Actions:**

The HRA has received an application from CommonBond Communities requesting tax increment financing assistance to construct an affordable development on previously restricted land as contemplated in the Agreement with 60 senior rental units for occupancy by households at 30% of AMI.

The CommonBond project will be included in a new Housing TIF District (Ford Site Housing TIF District #2) paired with a market rate senior living project developed by Presbyterian Homes. The Presbyterian Homes project includes a five-story, mixed-use building with approximately 118 senior independent living units and approximately 4,000 square feet of retail space and will be constructed together with an additional 182-unit building, which will be included in a separate housing TIF district for consideration on this same date.

The Saint Paul HRA prepared a Housing TIF Plan to assist in financing the CommonBond project and additional affordable projects to be located within the Highland Bridge Site. The TIF Plan was approved by the City Council following a public hearing on April 14, 2021. With this action, the HRA Board will complete the required action to establish the Ford Site Housing TIF District #2 and TIF Plan. This action is required to occur in June prior to the Presbyterian Homes project building permit being issued, so that increment from the Presbyterian Homes project is included in the new housing TIF district. Additionally, the parcels included in this new housing TIF district are included in the existing Ford Site Redevelopment TIF district, and action is included in the resolution to remove these parcels by approving a 4<sup>th</sup> Amendment to the Ford Site Redevelopment TIF Plan. City staff expect to seek approval for TIF assistance for the CommonBond development from the HRA Board in late fall or early winter.

Information from the TIF Plan is shown below:

- Total estimated market value in TIF District: \$46.3 million.
- TIF collection period: 2024 through 2049.
- Total TIF budget is \$18 million, including interest/investment earnings.
- Budgeted uses include: \$10 million in affordable housing construction; \$1.7 million admin and \$6.2 million in interest expenses.

The other housing TIF district being considered as a separate action item on this same date includes two affordable housing projects to be developed by Project for Pride in Living on previously restricted land as contemplated in the Agreement with 60 supportive housing units for occupancy by households at 30% of AMI and 75 workforce housing units for occupancy by households at 50% and 60% of AMI.

### **Budget Action**

The HRA is approving a budget amendment to align with the financing and spending included in the TIF Plan. The budget amendment is included in the Attached Financial Analysis.

### **Future Action**

PED staff will return to the HRA Board to request approval of a Development Agreement by and among the HRA and CommonBond that will have all the terms and conditions of the project to be completed and the final amount of TIF needed to help finance the CommonBond project.

### **PED Credit Committee Review**

The Credit Committee will review the proposed TIF assistance for the CommonBond development prior to the proposed HRA Board consideration mentioned above.

### **Compliance**

The following compliance requirements will apply to this project including: Vendor Outreach, Affirmative Action, Little Davis Bacon, Project Labor Agreement, and the Two-Bid Policy.

### **Green/Sustainable Development**

The CommonBond project will comply with Saint Paul Sustainable Development Ordinance.

### **Environmental Impact Disclosure**

N/A

### **Historic Preservation**

N/A

### **Public Purpose/Comprehensive Plan Conformance**

1. The Ford Site Master Plan is in conformance with the Land Use and Housing Chapters of the 2040 Comprehensive Plan, which identifies the site as part of a mixed-use corridor and an opportunity site and a partial contributor to the Highland Village/Ford Site neighborhood node.
2. The Housing TIF District #2 is in conformance with Comprehensive Plan policy H-15 calls for accommodating a wide variety of culturally appropriate housing types for residents at all stages of life and levels of abilities.

3. Comprehensive Plan policy H-16 calls for increasing housing choice across the city to support economically diverse neighborhoods.
4. Comprehensive Plan policy H-37 encourages new affordable housing development near transit and jobs.

Comprehensive Plan policy H-55 calls for the development of housing for older people

**Recommendation:**

The Executive Director recommends and requests the HRA Board of Commissioners consider adoption of the attached Resolution which will approve the establishment of the Ford Site Housing TIF District #2 on the Highland Bridge site for the CommonBond senior housing project and approves the adoption of the TIF Plan.

**Sponsored by:** Commissioner Chris Tolbert

**Staff:** Diane Nordquist, 651-266-6640

**Attachments**

- **Financial Analysis**
- **Map**
- **District 15 Profile**
- **Ford Site Housing TIF District #2 TIF Plan**
- **4<sup>th</sup> Amendment to Ford Site Redevelopment TIF Plan**