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CITY OF SAINT PAUL

# UPDATES ON TAX INCREMENT FINANCING ACTIONS

September 18, 2024



## Summary of TIF Districts

For Pay 2024, there are 47 HRA TIF Districts and 12 Port TIF Districts that will generate:

	No. of TIF Districts	Total Captured Tax Capacity	Percent of Total	Total Increment to TIF Authority	Percent of Total
HRA Districts	47	\$28,386,284	82%	\$35,262,135	86%
Port Districts	12	\$4,591,217	18%	\$5,761,404	14%
<b>TOTALS</b>	<b>59</b>	<b>\$32,977,501</b>		<b>\$41,023,539</b>	

Of the 47 HRA TIF Districts, 26 are Housing TIF districts, with 24 rental housing with long-term income restrictions, and the other two ownership housing



## Tax Capacity Captured in TIF

For Pay 2024, these 59 TIF Districts are capturing 7.87% of the City's total tax capacity. The table below includes a five-year history, plus the **preliminary Pay 2025 information from the county indicating 7.37% captured.**

Pay Year	Total Tax Capacity	Total % Change	TIF Tax Capacity	TIF % Change	% Captured
2020	322,743,625	5.6%	26,923,820	2.1%	8.34%
2021	351,910,499	9.0%	29,833,031	10.8%	8.48%
2022	360,745,057	2.5%	29,131,930	-2.4%	8.08%
2023	396,939,488	10.0%	30,891,446	6.0%	7.78%
2024	419,169,637	5.6%	32,977,501	6.8%	7.87%
<b>Prel 2025</b>	411,627,736	<b>-1.8%</b>	30,344,833	<b>-8.0%</b>	<b>7.37%</b>



# Preliminary Pay 2025 TIF Information

- For Pay 2025, we have preliminary data from Ramsey County, as follows:

	No. of TIF Districts*	Total Captured Tax Capacity
HRA Districts	47	\$25,926,478
Port Districts	12	\$4,418,355
<b>TOTALS</b>	<b>59</b>	<b>\$30,344,833</b>

\* One new district was added for Pay 2025 and one district was decertified

The total tax increments cannot be projected until the tax rates are determined.



# Required Actions Before End of Year

- **Early decertification of the Koch Mobil Redevelopment TIF District #248**
  - Capturing \$1,552,795 reported in the prior slide
  - HRA Board to consider a resolution to decertify this TIF district effective 12/31/2024, resulting in the \$1,552,795 returning to the tax base (for Pay 2025).
  - Redevelopment TIF district limited on any future pooling (statutory decertification year is 2030)
  - The preliminary captured tax capacity percentage for Pay 2025 would decline to 6.99% with this action



Map of TIF District, created in 2004, with more than half the site established as Victoria Park (without TIF assistance)



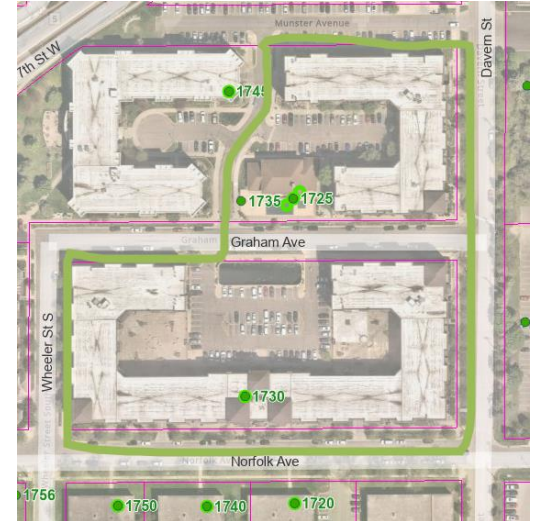
## Required Actions Before End of Year (Cont'd)

- **Administrative amendments** to the following TIF districts to adjust budgets:
  - **Block 4 – MN Mutual (Securian) Redevelopment TIF #212** (final year 2026)
  - **North Quadrant Special Housing TIF #224/233/241/260/268** (final year 2027)
  - **Straus Housing TIF #232** (final year 2028)
- When we issue TIF notes, the pledged tax increments are first used to pay any outstanding interest and then to reduce principal;
- When collected increments are lower than projected, the principal payments are less than projected, which therefore increases the interest expense;
- The budget adjustments will increase the interest expenditure by reducing the principal (eligible costs) and admin budgets;
- These TIF districts have not generated the expected tax increments to service the existing TIF notes;
- The pending amendments to TIF district budgets is the HRA's responsibility and is done through HRA Board action



# Proposed Additional Actions Before End of Year

- Formal amendment of the **Shepard Davern Rental Housing TIF District #244**
  - Projected to generate \$847,000 in Pay 2024 reducing to \$728,000 in Pay 2025
  - Represents \$599,263 of preliminary Pay 2025 captured tax capacity
  - Housing TIF district not limited on pooling, provided affordable requirements are met
  - **Adopted TIF budget has been exceeded, formal amendment required to increase revenues and spending**
  - **Potential spending would total approximately \$6.6 million (through 2031)**
  - Tax increments, once collected, eligible to spend on any qualifying housing activity, which includes:
    - Rental housing with at least 20% of the units affordable at 50% AMI or 40% of the units affordable at 60% AMI
    - Ownership housing with at least 95% of the units initially purchased by households with incomes at or below 110% AMI
  - Public process includes City Council public hearing and HRA Board action to increase budget



TIF district #244 parcels shown above



# Tax Increments for Housing

- MN TIF Statutes allow tax increments collected from TIF districts to be spent on activities geographically located outside the TIF district, commonly know as “Pooling”
  - Redevelopment TIF districts are limited to up to 35% for Pooling, including administrative expenditures, with certain limitations
  - Housing TIF districts are similarly limited, however, qualifying housing expenditures are not considered Pooling even when located outside the TIF district
- Estimated pooling for Affordable Housing from existing Redevelopment TIF districts are shown on following slide
- Estimated available tax increments from existing Housing TIF districts are shown on the following slide
  - The Shepard Davern Housing TIF District will generate annual tax increments for housing if the formal amendment is completed





## Tax Increments for Housing (Cont'd)

- Pooling for Housing from Redevelopment TIF Districts (through 2024 only) – est \$5.35M:
  - Emerald Gardens (#228/266/267): \$1.6 million
  - Phalen Village (#234/269): \$1.075 million
  - Koch/Mobil (#248): \$1.2 million
  - Pioneer Endicott (#302): \$525,000
  - Custom House (#317): \$950,000
- Available tax increments from Housing TIF Districts (through 2024 only) – est. \$990K:
  - Highland Pointe Lofts (#278): \$500,000
  - West Side Flats Phase III (#340): \$290,000
  - Ford Site Housing TIF #2 (#346): \$200,000



# TIF Districts Decertifying 2024-2031

The table below lists the TIF Districts that are scheduled (or planned) to decertify in the period 2024-2026 (final year) for capture years 2024-2027:

TIF #	TIF Name	Final Year	Projected Released Tax Capacity
#194	1919 University Redevelopment TIF District	2024	\$139,548
#248	Koch Mobil TIF ( <i>early decertification</i> )	2024	\$1,552,795
#312	Southport (Gerdau) ED TIF (Port)	2025*	\$5,911
#212	MN Life/Block 4 Redevelopment TIF	2026*	\$1,243,617
#213	Block 39/Lawson Redevelopment TIF	2026*	\$1,389,977

\* Released Tax Capacity based on Preliminary Pay 2025 Captured Tax Capacity



## TIF Districts Decertifying 2024-2031 - Cont'd

The table below lists the TIF Districts that are scheduled to decertify in the period 2027-2028 (final year) for capture years 2028-2029:

TIF #	TIF Name	Final Year	Projected Released Tax Capacity*
#224/260	No. Quadrant Phase I TIF (Special Housing)	2027	\$223,255
#233/268	No. Quadrant Phase II TIF (Special Housing)	2027	\$262,328
#241	No. Quadrant Phase III TIF (Special Housing)	2027	\$151,520
#225/261-265	Riverfront Renaissance Redevelopment TIF	2028	\$3,049,653
#228/266/267	Emerald Park Redevelopment TIF	2028	\$1,216,338
#232	Straus Apartments Housing TIF	2028	\$40,864
#234/269	Phalen Village Redevelopment TIF	2028	\$695,557
#236	JJ Hill/Great Northern Redevelopment TIF	2028	\$308,551
#237	Osceola Park Apartments Housing TIF	2028	\$36,341

\* Based on Preliminary Pay 2025 Captured Tax Capacity



## TIF Districts Decertifying 2024-2031 - Cont'd

The table below lists the TIF Districts that are decertifying in the period 2029-2031 (final year) for capture years 2030-2032:

TIF #	TIF Name	Final Year	Projected Released Tax Capacity*
#222	Great Northern – North Redev. TIF District (Port)	2029	\$544,662
#240	Bridgescreek Housing TIF	2029	\$57,394
#238	Energy Lane Redevelopment TIF (Port)	2030	\$219,972
#243	Shepard Davern Redevelopment TIF -Condos	2030	\$315,800
#245	Shepard Davern Senior Rental Housing TIF	2030	\$54,112
#89-1	Westgate HSS (Port) Estimated End Date	2031	\$46,472
#244	Shepard Davern Rental Housing TIF	2031	\$599,263
#249	Westminster Redevelopment TIF (Port)	2031	\$1,173,262

\* Based on Preliminary Pay 2025 Captured Tax Capacity



# Captured Tax Capacity Projections

The table below identifies how the projected captured tax capacity may change with the new TIF districts offset by TIF districts expiring (including Koch Mobil #248); **assuming no changes to the City's overall tax base, other than activity within a TIF district**

Year	Added TIF Tax Cap	Total Tax Capacity	Decertified TIF Tax Cap	Total Captured TIF Tax Cap	% Captured TIF Tax Cap
Pay 2025	\$654,421*	\$411,627,736	\$1,692,343	\$28,792,038	6.99%
Pay 2027**	\$8,166,668	\$419,794,404	\$2,639,505	\$34,319,201	8.18%
Pay 2028	\$2,397,476	\$422,191,880	\$637,103	\$36,079,574	8.55%
Pay 2029	\$1,576,822	\$423,768,702	\$5,347,304	\$32,309,092	7.62%
Pay 2030	\$1,548,559	\$425,317,261	\$602,056	\$33,255,595	7.82%
Pay 2032***	\$2,922,042	\$428,239,303	\$2,408,881	\$33,768,756	7.89%

\*\*Includes Pay 2026

\*\*\*Includes Pay 2031

\*The captured tax capacity for some newer TIF districts has declined, so the net "add" is shown in this year



# Questions?

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