

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 14, 2020

**REGARDING: RESOLUTION AMENDING THE REDEVELOPMENT PLAN FOR
THE FORD SITE REDEVELOPMENT PROJECT AREA;
APPROVING THE ADOPTION OF A SECOND AMENDMENT TO
THE TAX INCREMENT FINANCING PLAN FOR THE FORD SITE
REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT;
AND APPROVING AN HRA BUDGET AMENDMENT
DISTRICT 15, WARD 3**

Requested HRA Board Action

Authorization to approve a first amendment to the Ford Site Redevelopment Plan (the “Redevelopment Plan Amendment”), a second amendment to the Ford Site Redevelopment Tax Increment Financing Plan (the “TIF Plan Amendment”) and an HRA budget amendment consistent with the TIF Plan Amendment.

Background

In March of 2016, by action of the City Council and the HRA, the Ford Site Redevelopment Plan and Ford Site TIF District and TIF Plan were adopted to further redevelopment of the Ford Site. The Redevelopment Plan and TIF District and TIF Plan were established prior to Ford’s remediation activities and planned sale to an eventual master developer. The Redevelopment Plan identified a Project Area that extended beyond the Ford Site, but only east to include the intersections of Ford Parkway and Cleveland and Montreal and St. Paul Avenue. The Project Area is an area in which limited tax increments from the TIF District may be spent on qualifying improvements.

Based on the number of residential units proposed, the Ford Site development required a State-mandated environmental review known as an Alternative Urban Areawide Review (AUAR), which analyzed the full development proposal. Part of this review included a detailed transportation study which analyzed transportation access to and from and within the site and identified potential mitigation measures to address. The AUAR concluded that the surrounding transportation and infrastructure network can support the redevelopment. The AUAR

transportation study also identified certain transportation improvements that may be implemented over time to address future impacts that could occur as a result of redevelopment within the AUAR study area.

In June of 2018, Ford Land selected Ryan Companies as the Master Developer (the “Developer”) for the site, and in December of 2019, the City Council and HRA authorized the execution of a Redevelopment Agreement (the “RDA”) with the Developer, which details the public and private financing to complete the infrastructure needed to redevelop the site. When fully developed, the Ford Site (aka Highland Bridge) will include 3,800 housing units (20% which will be income-restricted), 265,000 gross square feet of office, 150,000 gross square feet of retail, and 50,000 square feet of civic space.

As part of the RDA, Ryan is responsible for improving three intersections that were identified for improvement in the AUAR: Ford Parkway and Mount Curve Boulevard, Ford Parkway and Cretin Avenue, and Montreal Avenue and Cleveland Avenue. These intersection improvements will be funded with tax increments (approximately \$4 million). An additional \$5 million of tax increments were budgeted by the City for other transportation improvements identified in the AUAR. These improvements are located outside the current Project Area, which was established prior to the AUAR’s completion. In order to ultimately utilize \$5 million of TIF for AUAR-identified transportation improvements, the Project Area needs to be expanded which is included in the Redevelopment Plan Amendment (**attached**). Furthermore, in order to utilize the tax increments from the TIF District on those AUAR-identified costs, the TIF Plan needs to be amended to identify the expanded project area, where limited tax increments may be spent (**attached**).

The proposed expansion of the Project Area is to Randolph Avenue on the north, to Fairview Avenue on the east, and a slight expansion south to include a stormwater utility installation from the Ford Site (Highland Bridge) to Hidden Falls Regional Park. A map identifying the existing and expanded Project Area is **attached** (and is included within both amended documents).

On September 16, 2020, the City Council adopted RES PH #20-185 that increased the City’s capital budget for the Ford Site project to accept grant funds from the Capitol Region Watershed District (CRWD) to partially finance stormwater management and enhancements including

connecting the Ford Site to Hidden Falls Regional Park by continuing a daylighted creek to link the new upstream system and downstream regional park, while also facilitating safe and accessible pedestrian movement under Mississippi River Boulevard (the “Enhanced Stormwater Project”). The total capital budget for the Enhanced Stormwater Project is \$1,911,063 and the sources identified include tax increments of \$200,000 from the TIF District.

In order to authorize the uses of tax increments from the TIF District within the expanded Project Area and to finance the Enhanced Stormwater Project, the TIF Plan will need to be amended. Staff has prepared the proposed TIF Plan Amendment that will authorize expenditures within the expanded Project Area and amend the budget within the TIF Plan that will adjust spending in the amount of \$200,000 for qualifying public improvements.

Related City Council Action

The City Council is required to hold a public hearing and adopt a resolution approving the Redevelopment Plan Amendment and the Amendment to the TIF Plan. City Council RES PH 20-224 will be presented to the City Council for their consideration on this same date.

Financing Structure

As mentioned above, the City Council increased the capital project budget for the redevelopment of the Ford Site and a portion of the costs are proposed to be financed with tax increments. The TIF Plan Amendment includes amending the spending budget shown below:

Estimated Tax Increment Revenues	Current Budget	Changes (Oct,2020)	Amended Budget
TIF Revenues	\$272,000,000	\$0	\$272,000,000
Interest on Investments	\$3,000,000	\$0	\$3,000,000
Sales/lease proceeds	\$0	\$0	\$0
Total Tax Increment Revenues	\$275,000,000	\$0	\$275,000,000
Estimated Project/Financing Costs			
Land/building acquisition	\$0	\$0	\$0
Site improvement/prep costs	\$0	\$0	\$0
Utilities	\$0	\$0	\$0
Other qualifying improvements	\$53,500,000	\$200,000	\$53,700,000
Construction of affordable housing	\$27,200,000	\$0	\$27,200,000
Administrative Costs	\$10,100,000	\$0	\$10,100,000
Total Project Costs financed with Tax Incr	\$90,800,000	\$200,000	\$91,000,000
<i>Est. Financing Costs/Interest Expense</i>	<i>\$184,200,000</i>	<i>(\$200,000)</i>	<i>\$184,000,000</i>
Est. Proj/Financing Costs Paid with Tax Incr	\$275,000,000	\$0	\$275,000,000

Budget Action

The resolution will authorize an amendment to the HRA's budget for the TIF District to mirror the above amendment which increases the total project spending. The HRA Budget amendment is included in the attached Financial Analysis.

Future Action

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The expanded Project Area is in conformance with the Land Use chapter of the 2030 Comprehensive Plan, which identifies the Ford site as part of a mixed-use corridor and an opportunity site, and the proposed improvements are in line with the multi-modal focus of the Comprehensive Plan. While the draft 2040 Comprehensive Plan is not yet adopted, this expanded Project Area is also consistent with the draft 2040 Plan submitted to the Metropolitan Council. The draft 2040 Plan also identifies the site as mixed-use, an opportunity site and a partial contributor to the Highland Village/Ford Site neighborhood node. The proposed project area expansion is also in conformance with the Ford Master Plan and Highland Park District 15 Plan, which references the Ford MP and describes a future site consistent with it in the Land Use chapter. The Planning

Commission adopted RES #20-40 on September 4, 2020, determining that the Redevelopment Plan Amendment conforms to the general plan for development of the City as a whole and with the City's current 2030 and pending 2040 Comprehensive Plans.

Recommendation:

The Executive Director recommends approval of the resolution authorizing adoption of a first amendment to the Ford Site Redevelopment Plan, a second amendment to the Ford Site Redevelopment Tax Increment Financing Plan and a HRA budget amendment.

Sponsored by: **Chair Chris Tolbert**

Staff: Menaka Mohan (266-6093) and Jenny Wolfe (266-6680)

Attachments

- Financial Analysis
- First Amendment to Redevelopment Plan
- Second Amendment to TIF Plan
- Map of Ford Site Project Area, as expanded