



Legislation Text

File #: RES 21-923, **Version:** 1

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 (iii) an amendment to the Tax Increment Financing Plan for the Ford Site Redevelopment Tax Increment Financing District and (iv) an HRA budget amendment, District 15, Ward 3

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") has heretofore established the Ford Site Redevelopment Project Area, as expanded (the "Project Area") and has adopted a redevelopment plan therefor (as amended, the "Redevelopment Plan") pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended (the "HRA Act"); and

WHEREAS, the Redevelopment Plan contains an identification of need and statement of objectives and program of the HRA for carrying out a housing and redevelopment project, including property to be acquired, public improvements to be provided, development and redevelopment to occur, and sources of revenue to pay costs of the Project Area; and

WHEREAS, Minnesota Statutes, Section 469.175 requires that before a county auditor may certify a tax increment financing district created under Minnesota Statutes, Section 469.174 to 469.1794 (the "TIF Act") the governing body of the municipality must approve the tax increment financing plan after a public hearing thereon; and

WHEREAS, it has been proposed that the HRA create, within the Project Area, the Ford Site Housing Tax Increment Financing District #2 as a housing tax increment financing district under Minnesota Statutes, Section 469.174, Subdivision 11 (the "TIF District") and adopt a Tax Increment Financing Plan therefor (the "TIF Plan"), all pursuant to and in accordance with the TIF Act; and

WHEREAS, the HRA has investigated the facts and has caused the TIF Plan to be prepared for the TIF District; and

WHEREAS, the TIF District is being established primarily to facilitate the construction of an affordable housing development consisting of approximately 60 rental senior housing units and underground parking (the "Affordable Housing Development") to be developed by CommonBond or one or more affiliates. In addition, there will also be developed within the TIF District a mixed-use development consisting of a building with approximately 118 market rate senior independent living housing units, related facilities, and approximately 4,000 square feet of retail space (the "Market Rate Housing Development" and, together with the Affordable Housing Development, the "Development"); and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the creation of the TIF District and adoption of the TIF Plan therefor, including, but not limited to, notification of the Ramsey County Commissioner representing the area of the County in which the TIF District is located and delivering a copy of the TIF Plan to Ramsey County and Independent School District Number 625, which have taxing jurisdiction over the property to be included in the TIF District; and

WHEREAS, the City Council (the "Council") of the City of Saint Paul, Minnesota (the "City") (a) held a public hearing on April 14, 2021 on (i) adoption of the TIF Plan and (ii) the establishment of the TIF District and (b) made the findings required by the TIF Act and the HRA Act, and (c) approved the establishment of the TIF District and the adopted the TIF Plan, after duly published notice thereof; and

WHEREAS, the HRA has also heretofore established the Ford Site Redevelopment Tax Increment Financing District (“Existing TIF District”) within the Project Area and adopted a tax increment financing plan for the Existing TIF District (as previously amended, and as further amended hereby, the “Existing TIF Plan”); and

WHEREAS, the parcels of land that will be within the TIF District are all currently located within the Existing TIF District (the “Parcels”) and will need to be removed therefrom before the TIF District will be established by this resolution; and

WHEREAS, the HRA has determined that it is necessary to further amend the Existing TIF Plan to remove the Parcels from the Existing TIF District in order to establish the TIF District within the Project Area; and

WHEREAS, the HRA has investigated the facts and has caused to be prepared a Fourth Amendment to Tax Increment Financing Plan for the Ford Site Redevelopment Tax Increment Financing District (a redevelopment district) (the “Amendment to Existing TIF Plan”); and

WHEREAS, the total current net tax capacity of the Parcels is at least equal to the net tax capacity of those Parcels in the Existing TIF District's original net tax capacity, and therefore the Amendment to Existing TIF Plan may be accomplished without notice or hearing pursuant to Section 469.175, Subdivision 4(e)(2)(A) of the TIF Act; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “Board”) as follows:

Section 1. Findings for the Creation of TIF District and Adoption of TIF Plan therefor.

1.01 The HRA hereby finds that the creation of the TIF District and the adoption of the TIF Plan therefor are intended and, in the judgment of the Board, the effect will be, to carry out the objectives of the Redevelopment Plan by creating an impetus for the construction of low and moderate income housing facilities in the City, and will otherwise promote certain public purposes and accomplish certain objectives as specified in the Redevelopment Plan and the TIF Plan.

1.02 The HRA hereby finds that the TIF District qualifies as a “housing district” within the meaning of the TIF Act for the following reasons:

The District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 11, a “housing district” because it consists of a project or portions of a project or a portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Affordable Housing Development to be constructed in the TIF District will consist of approximately 60 units of senior rental housing. At least 40% of the units (i.e., 24 units) in the Affordable Housing Development will be rented to and occupied by individuals or families whose income is 60% or less of area median income.

The Affordable Housing Development, which is the only building in the TIF District receiving assistance from the TIF District, is not expected to be used for any commercial, retail, or other non-residential use; therefore, not more than 20% of the square footage of the building that will receive assistance from tax

increments from the TIF District is expected to be used for commercial, retail or other non-residential uses.

1.03 The HRA further finds that the proposed development, in the opinion of the Board, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The Development will result in the acquisition and construction of affordable and market rate housing units which construction would not otherwise have been undertaken in the reasonably foreseeable future. CommonBond (or one or more affiliates) has represented that it could not proceed with the Affordable Housing Development without tax increment assistance. In addition, tax increment assistance will facilitate the construction of other affordable housing in the Ford Site (which is entirely within the Project Area) in accordance with a requirement for 20% of the total number of housing units in the Ford Site to be affordable and, if possible, other affordable housing in the City which construction would not otherwise be undertaken in the reasonably foreseeable future.

1.04 The HRA further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan will generally complement and serve to implement policies adopted in the City's comprehensive plan and the Ford Site Master Plan; including without limitation a requirement for 20% of the total number of housing units in the Ford Site to be affordable and the TIF District is created, in part, to facilitate the construction of other affordable housing in the Ford Site (which is entirely within the Project Area). The Development contemplated is or will be in substantial accordance with the existing zoning or any permitted exception for the property.

1.05 The HRA further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise. The specific basis for such finding being:

The proposed Development to occur within the TIF District is primarily affordable and market rate housing. The Development will increase the taxable market valuation of the City. The available housing in the City will expand by approximately 178 rental units with the completion of the Development contemplated by the TIF Plan.

1.06 The HRA elects to retain all of the captured tax capacity to finance the costs of the TIF District. The City elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(a).

1.07 The HRA elects to delay the receipt of the first increment until tax payable year 2024.

1.08 The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan.

Section 2. Approval of Creation of the TIF District and Approval of the TIF Plan.

2.01 The creation of the TIF District and the adoption of the TIF Plan, are hereby approved and the TIF Plan shall be placed on file in the office of the Executive Director of the HRA.

2.02 The HRA's Executive Director and staff of the HRA and the HRA's advisors and legal counsel are authorized and directed to proceed with the establishment and implementation of the TIF

District, the TIF Plan and this Resolution. The HRA's Executive Director is authorized and directed to negotiate and execute all documents, notes and contracts necessary to accomplish these actions.

2.03 The staff of the HRA is hereby directed to file a copy of the TIF Plan with the County Auditor of Ramsey County and to request the County Auditor to certify the original tax capacity of the TIF District.

2.04 The staff of the HRA is also directed to file a copy of the TIF Plan with the Commissioner of Revenue and the Office of the State Auditor within 60 days after the latest of: (a) the filing of the request with the County Auditor to certify the TIF District and (b) the date of approval of the TIF Plan by the City and the HRA.

Section 3. Approval of the Amendment to Existing TIF Plan.

3.01 The Existing TIF District and the Existing TIF Plan are hereby amended to remove the Parcels and the Amendment to Existing TIF Plan is hereby approved. The Amendment to Existing TIF Plan shall be placed on file in the office of the Executive Director of the HRA.

3.02 The staff of the HRA is hereby directed to file a copy of the Amendment to Existing TIF Plan with the County Auditor of Ramsey County, the Commissioner of Revenue and the Office of the State Auditor simultaneously with the filings authorized in Sections 2.03 and 2.04.

Section 4. Approval of an HRA Budget Amendment. The Board hereby approves the HRA budget as set forth in the attached Financial Analysis.

Section 5. Approval and Adoption of Policy on Interfund Loans and Advances. The HRA hereby approves a policy on interfund loans or advances ("Loans") for the TIF District, as follows:

5.01 The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$1,715,000, interest in an amount up to \$6,195,000 and other project costs in an amount up to \$10,090,000) payable from the TIF District, as its TIF Plan is originally adopted or may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the Executive Director from time to time.

5.02 The Loans may be advanced if and as needed from available monies in any fund or account of the HRA designated by the Executive Director. Loans may be structured as draw-down or "line of credit" obligations of the lending fund(s).

5.03 Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$18,000,000 outstanding at any time.

5.04 Any Loan shall mature not later than March 1, 2050 or such earlier date as the Executive Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, TIF bond proceeds or other eligible sources.

5.05 The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the Executive Director to specify a lower rate.

5.06 Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the Executive Director shall maintain all

necessary or applicable data on the Loans.