



Legislation Text

File #: RES PH 12-51, **Version:** 2

Approving the establishment of a Tax Increment Financing District and approving an amended and Restated Tax Increment Plan (Penfield Redevelopment Project).

WHEREAS, the City Council of the City of Saint Paul (the "Council") has the statutory responsibility under Minnesota Statutes, Section 469.028, to approve redevelopment plans and projects of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), after a public hearing thereon; and

WHEREAS, the HRA heretofore established the Saint Paul Neighborhood Redevelopment Project Area (the "Project Area") and has adopted a redevelopment plan therefor (the "Redevelopment Plan") pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended; and

WHEREAS, said Redevelopment Plan contains an identification of need and statement of objectives and program of the HRA for carrying out of a redevelopment project, including property to be acquired, public improvements to be provided, development and redevelopment to occur, and sources of revenue to pay redevelopment costs within 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 469.1799 (the "Tax Increment Act") the governing body of the municipality must approve the tax increment financing plan after a public hearing thereon; and

WHEREAS, the Council, on June 21, 2006, and the HRA, on June 28, 2006, approved the creation of a redevelopment tax increment financing district and adopted a tax increment financing plan therefor but the HRA did not file a request for certification of the original net tax capacity of such redevelopment tax increment financing district and the redevelopment project has changed substantially since such tax increment financing plan was adopted; and

WHEREAS, the HRA has asked the Council to approve, within the Project area, the creation of a Tax Increment Financing District as a redevelopment tax increment financing district under Minnesota Statutes, Section 469.174, Subdivision 10 (the "Tax Increment Financing District"), and the adoption of an Amended and Restated Tax Increment Financing Plan therefor (the "Tax Increment Financing Plan"), all pursuant to and in accordance with the Tax Increment Act; and

WHEREAS, the Tax Increment Financing District is being established to facilitate the redevelopment of a substandard building by the construction of new rental housing, including commercial space and related structured parking (the "Development"); and

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

WHEREAS, on this date, the City Council conducted a public hearing on the Tax Increment Financing

Plan, after published notice thereof; and

WHEREAS, at said public hearing the City Council heard testimony from any interested parties on the Tax Increment Financing Plan; and

WHEREAS, the City Council has considered the findings and determinations of the HRA respecting the Tax Increment Financing District and Tax Increment Financing Plan, together with the documentation submitted in support of the same and has taken into account the information and knowledge gained in hearings upon and during consideration of other matters relating to the developments proposed within the Project Area.

NOW THEREFORE, BE IT RESOLVED, by the Saint Paul City Council as follows:

Section 1. Findings for the Creation of the Tax Increment Financing District and Adoption of a Tax Increment Financing Plan therefor.

1.01 The City Council hereby finds that the creation of the Penfield Redevelopment Tax Increment Financing District and adoption of the Tax Increment Plan therefor, are intended and, in the judgment of the City Council, its effect will be, to carry out the objectives of the Redevelopment Plan and to create an impetus for the redevelopment of blighted structures and the construction of rental housing, including commercial space and related structured parking and will otherwise promote certain public purposes and accomplish certain objectives as specified in the Redevelopment Plan and Tax Increment Financing Plan.

1.02 The City Council hereby finds that Tax Increment Financing District qualifies as a "redevelopment district" within the meaning of the Tax Increment Act for the following reasons:

The Tax Increment Financing District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 10(a)(1), a "redevelopment district" because it consists of a project or portions of a project within which the following conditions, reasonably distributed throughout the District, exist: parcels consisting of at least 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures

The District consists of one parcel, and the parcel is "occupied" as defined in Minnesota Statutes, Section 469.174, Subd. 10(a)(1), in that at least 15% of the area of the parcel, is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures. There is one building in the Tax Increment District, which building is structurally substandard to a degree requiring substantial renovation or clearance. In addition, the costs of bringing the structurally substandard building into compliance with building codes applicable to new buildings would exceed 15% of the cost of constructing new structures of the same size and type on the site.

The supporting facts for these determinations, including the report of Short Elliot Hendrickson, Inc. dated January 16, 2006, are on file with the staff of the Authority. The parcel number identified in this report has since changed to 31.29.22.43.1544; however, there have been no permits issued or improvements made to the building since the date of the report.

1.03 The City Council hereby makes the following additional findings:

(a) The City Council further finds that the proposed Development, in the opinion of the City Council, 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 property on which the proposed Development will occur has not been developed for several years. Even with a tax increment financing plan in place for the past six years, private investment has not proceeded with redevelopment of the property.

(b) The City Council further finds that the Tax Increment Financing 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 Tax Increment Financing Plan will generally complement and serve to implement policies adopted in the City's comprehensive plan. The construction of the rental housing and commercial facilities contemplated are in accordance with the existing zoning for the property.

(c) The City Council further finds that the Tax Increment Financing Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Tax Increment Financing District by private enterprise. The specific basis for such finding being:

The proposed development to occur within the Tax Increment Financing District is rental housing and commercial. The development will increase the taxable market valuation of the City. The commercial business will increase jobs in the City and will increase the market valuation of the City.

(d) For purposes of compliance with Minnesota Statutes, Section 469.175, Subdivision 3(2), the City Council hereby finds that the increased market value of the property to be developed within the Tax Increment District that could reasonably be expected to occur without the use of tax increment financing is \$0, which is less than the market value estimated to result from the proposed development (i.e., \$31,383,750 after subtracting the present value of the projected tax increments for the maximum duration of the Tax Increment Financing District (i.e., \$7,903,683). In making these findings, the City Council has noted that the property has not been developed for many years and would likely remain so if tax increment financing is not available. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

(e) The City elects to retain all of the captured tax capacity to finance the costs of Tax Increment Financing District. The City elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subd. 3(a).

(f) The City elects to delay the receipt of the first increment until tax payable year 2015.

1.04 The provisions of this Section 1 are hereby incorporated by reference into and made a part of the Tax Increment Financing Plan.

Section 2. Creation of the Tax Increment Financing District and Approval of the Tax Increment Financing Plan therefor.

2.01 The creation of the Penfield Redevelopment Tax Increment Financing District and the Tax Increment Financing Plan therefor are hereby approved.

2.02 The staff of the HRA and the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Tax Increment Financing District and the Tax Increment Financing Plan

and for this purpose to negotiate, draft, prepare and present to the Board of Commissioners of the HRA for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

2.03 The staff is directed to submit the request to Ramsey County to certify the original tax capacity of the Tax Increment Financing District. The proposed site of the project is currently exempt from property taxes and the HRA expects to make improvements while the property is tax exempt but the HRA expects that the property will ultimately become taxable. In accordance with Minnesota Statutes, Section 469.177, Subdivision 1(c), staff is directed to request that the County Assessor separately assess the estimated market value of the improvements made to the tax exempt property after the date hereof and before the parcel becomes taxable. Such separately assessed improvements will be excluded from the original net tax capacity of the Tax Increment Financing District.