



Legislation Text

File #: RES 23-1906, **Version:** 1

Resolution approving and authorizing (i) the establishment of The Heights Sherman Associates Phase I Housing Tax Increment Financing District in the Project Area, (ii) a Tax Increment Financing Plan therefor, and (iii) an HRA budget amendment, District 2, Ward 6

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") has heretofore established the Saint Paul Neighborhood 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 a statement of purpose and objectives, land uses and standards for development for carrying out 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, it has been proposed that the HRA establish, within the Project Area as expanded, The Heights Sherman Associates Phase I Housing Tax Increment Financing District 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 Minnesota Statutes sections 469.174 to 469.1794 (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 approximately 5-story, elevator-accessible building with approximately 230 residential units, with 20% affordable at 50% area median income (AMI), and related amenities including on site management and leasing office, conference room, fitness center, elevator, party lounge, outdoor swimming pool, overlook, game hall, dog wash/dog run, resident storage, and surface and underground parking (the "Development") to be developed by Sherman Associates, or an affiliate (the "Developer"); and

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

WHEREAS, the City Council (the "Council") of the City of Saint Paul, Minnesota (the "City") at its meeting on December 20, 2023 (a) will conduct a public hearing following duly published notice thereof on (i) establishment of the TIF District and (ii) the adoption of the TIF Plan, and (b) consider the findings required by the TIF Act and the HRA Act, and (c) consider approving the establishment of the TIF District and the adoption of the TIF Plan; and

WHEREAS, subject to approval by the City Council following a public hearing, 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.

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 Board 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 Board 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 Development to be constructed in the TIF District will consist of approximately 230 residential units, with 20% affordable at 50% area median income (AMI). The buildings included in the Development in the TIF District are not expected to be used for any commercial, retail, or other non-residential use.

The Development 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 buildings 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 Board 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 construction of affordable housing units which construction would not otherwise have been undertaken in the reasonably foreseeable future. The Developer has represented that it could not proceed with the Development without tax increment assistance.

1.04 The Board 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. The Development contemplated is or will be in substantial accordance with the existing zoning or any permitted exception for the property.

1.05 The Board 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 includes affordable housing. The Development will increase the taxable market valuation of the City. The available housing in the City will expand by approximately 230 rental housing 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 2027.

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 Subject to approval by the City Council following a public hearing, 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 an HRA Budget Amendment. The Board hereby approves the HRA budget as set forth in the attached Financial Analysis.

Section 4. 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:

4.01 The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$1,704,800, interest in an amount up to \$7,097,200 and other project costs in an amount up to \$8,928,000) 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.

4.02 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).

4.03 Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$17,730,000 outstanding at any time.

4.04 Any Loan shall mature not later than March 1, 2053, 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.

4.05 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 Minnesota Statutes 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.

4.06 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.