



Legislation Text

File #: RES PH 21-316, **Version:** 1

Resolution approving and authorizing (i) the expansion of the Saint Paul Neighborhood Redevelopment Project Area, (ii) an amendment to the Redevelopment Plan therefor, (iii) the establishment of the 520 Payne Avenue Housing Tax Increment Financing District (The Hollows) in the Project Area, as expanded, (iv) a Tax Increment Financing Plan therefor, (v) the conveyance of land, (vi) the execution of a tax increment development agreement, including a Pooled TIF Loan, and related documents, and (vii) an HRA budget amendment, District 5, Ward 7

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, the HRA has determined that it is necessary to amend the Redevelopment Plan to expand the Project Area; and

WHEREAS, the HRA has investigated the facts and has caused to be prepared a Seventh Amendment to Redevelopment Plan for the Saint Paul Neighborhood Redevelopment Project Area (the "7th Amendment to Redevelopment Plan"); and

WHEREAS, the Saint Paul Planning Commission, on October 29, 2021, reviewed the 7th Amendment to Redevelopment Plan, and adopted resolution #21-50 approving the same as being in conformity with the Saint Paul Comprehensive Plan and the general plan for the development and redevelopment of the City as a whole; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to approving the 7th Amendment to Redevelopment Plan;

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 establish, within the Project Area as expanded, the 520 Payne Avenue Housing Tax Increment Financing District (The Hollows) 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 through 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 affordable housing development consisting of approximately 62 residential units and related amenities including on site management and leasing office, community room, fitness center, business center, elevator, playground and surface and underground parking (the “Development”) to be developed by Hollows Apartments LLLP, or an affiliate (the “Developer”); and

WHEREAS, the Developer has requested that the HRA cause to be prepared a Development Agreement (the “Development Agreement”) between the HRA and the Developer setting forth the terms and conditions under which the HRA will provide tax increment financing assistance to the Developer, a copy of which is on file with the Executive Director of the HRA; and

WHEREAS, pursuant to the HRA Act, the HRA is authorized to acquire and convey real property and to undertake certain activities to facilitate the redevelopment of real property by private enterprise; and

WHEREAS, to facilitate Affordable Housing Development, the HRA proposes to convey the parcel located within the TIF District (the “Development Property”) to the Developer pursuant to the terms of the Purchase Agreement between the HRA and the Developer (the “Purchase Agreement”); and

WHEREAS, the HRA has, on this date, held a public hearing on the sale of the Development Property to the Developer following published notice as required by law; and

WHEREAS, the City Council (the “Council”) of the City of Saint Paul, Minnesota (the “City”) at its meeting on the date hereof (a) will conduct a public hearing following duly published notice thereof on (i) the expansion of the Project Area, (ii) adoption of the 7th Amendment to Redevelopment Plan, (iii) establishment of the TIF District, and (iv) 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 expansion of the Project Area and the adoption of the TIF Plan and the 7th Amendment to Redevelopment 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 Approval of the 7th Amendment to Redevelopment Plan.

1.01 The Board hereby finds that the 7th Amendment to Redevelopment Plan is intended and, in the judgment of the Board, its effect will be to carry out the objectives of the Redevelopment Plan, as amended, and to provide an impetus for development and redevelopment activities in the City, and to otherwise promote certain public purposes and accomplish certain objectives as specified in the Redevelopment Plan.

1.02 The Board hereby finds that:

(a) for the reasons set forth in the Redevelopment Plan, as amended by the 7th Amendment to Redevelopment Plan, the land in the Project Area, as amended pursuant to the 7th Amendment to Redevelopment Plan, would not be made available for development or redevelopment without the financial aid to be sought;

(b) the Redevelopment Plan, as amended by the 7th Amendment to Redevelopment Plan, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development and redevelopment of the Project Area by private enterprise; and

(c) the Redevelopment Plan, as amended by the 7th Amendment to Redevelopment Plan, conforms to the Saint Paul Comprehensive Plan and the general plan for the development of the City as a whole.

Section 2. Findings for the Creation of TIF District and Adoption of TIF Plan therefor.

2.01 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.

2.02 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 62 units of residential rental housing. At least 40% of the units (i.e., 25 units) in the Development will be rented to and occupied by individuals or families whose income is 60% or less of area median income.

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 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.

2.03 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 acquisition and 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.

2.04 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.

2.05 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 is affordable housing. The Development will increase the taxable market valuation of the City. The available housing in the City will expand by approximately 62 rental units with the completion of the Development contemplated by the TIF Plan.

2.06 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).

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

2.08 The provisions of this Section 2 are hereby incorporated by reference into and made a part of the TIF Plan.

Section 3. Approval of the 7th Amendment to Redevelopment Plan. Subject to approval by the City Council following a public hearing, the Redevelopment Plan is hereby amended to expand the Project Area to include the area of the TIF District and the 7th Amendment to Redevelopment Plan is hereby approved.

Section 4. Approval of Creation of the TIF District and Approval of the TIF Plan.

4.01 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.

4.02 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.

4.03 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.

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

Section 6. Approval of Land Sale.

6.01 The Board hereby finds and determines that the conveyance of the Development Property to the Developer is advisable and in the public interest and will further the objectives of its general plan of economic development, because it will increase the tax base in the City, stimulate the development of decent, safe and sanitary housing, and serve as an impetus for further development.

6.02 The Board hereby approves the conveyance of the Development Property to the Developer pursuant to the Purchase Agreement.

6.03 HRA staff and officials are authorized to take all actions necessary to perform the HRA's obligations under the Purchase Agreement in connection with the conveyance of the Development Property.

Section 7. 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:

7.01 The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$214,100, interest in an amount up to \$791,900 and other project costs in an amount up to \$1,200,000) 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.

7.02 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).

7.03 Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$2,206,000 outstanding at any time.

7.04 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.

7.05 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.

7.06 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.

Section 8. Approval and Execution of Documents.

8.01 Approval of Development Documents. The Board hereby approves the Development Agreement, which includes authorization of the TIF Note and the Pooled TIF Loan (both as defined therein) in an aggregate principal amount of up to \$3,200,000, in substantially the form on file with the Executive Director, together with any related documents necessary in connection therewith, including, without limitation, all documents, exhibits, certifications or consents referenced in or attached to the Development Agreement including, without limitation, the TIF Note and the Pooled TIF Loan Documents (both as defined therein), a deed for the conveyance of the Development Property, and any subordinations, assignments or consents necessary in connection with the Developer's financing, (collectively, the "Development Documents").

8.02 Execution of Documents. The Chair or any Commissioner and Executive Director of the HRA and the Director, Office of Financial Services of the City (the "Authorized Officers") are hereby authorized in their discretion and at such time, if any, as they may deem appropriate, to execute, on behalf of the HRA, the Development Documents and to carry out, on behalf of the HRA, directly or through one or more appointed designees, the HRA's obligations thereunder when all conditions precedent thereto have been satisfied. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Saint Paul City Attorney to the HRA, the appropriate HRA staff person(s) or by the Authorized Officers authorized herein to execute or accept, as the

case may be, said documents prior to their execution; and said Authorized Officers or staff members are hereby authorized to approve said changes on behalf of the HRA. The execution of any instrument by the Authorized Officers shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This Resolution shall not constitute an offer and the Development Documents shall not be effective until the date of execution thereof as provided herein. In the event of absence or disability of any of the Authorized Officers, any of the Development Documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Saint Paul City Attorney to the HRA, may act in their behalf. The electronic signature of a party to the Development Documents, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to the Development Documents. Any electronically signed Development Documents shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

8.03 Future Amendments. The authority to approve, execute and deliver future amendments to the Development Documents entered into by the HRA and consents required under the Development Documents is hereby delegated to the Authorized Officers of the HRA, subject to the following conditions: (a) such amendments or consents do not materially adversely affect the interests of the HRA; (b) such amendments or consents do not contravene or violate any policy of the HRA, and (c) such amendments or consents are acceptable in form and substance to the Saint Paul City Attorney to the HRA or the counsel retained by the HRA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Authorized Officers of the HRA shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the event of absence or disability of the Authorized Officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Saint Paul City Attorney to the HRA, may act in their behalf.