



Legislation Text

File #: RES PH 20-133, **Version:** 1

Resolution approving and authorizing (i) the establishment of the Tax Increment Financing District (West Side Flats Phase III Apartments Project) (a housing district) in the Riverfront Redevelopment Project area and a Tax Increment Financing Plan therefor, (ii) an amendment to the Tax Increment Financing Plan for the Riverfront Renaissance Redevelopment Tax Increment Financing District, (iii) the conveyance of land, (iv) a Loan of up to \$990,000 in HOME Funds and the execution of related documents, (v) the execution of a tax increment development agreement, LCDA and TBRA Subgrant agreements, and related documents, and (vi) an HRA budget amendment, all for the West Side Flats Phase IIIB Apartments Project, District 3, Ward 2

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") has heretofore established the Saint Paul Riverfront Redevelopment Project Area, as expanded (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 (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 within the Project Area, the HRA create the Tax Increment Financing District (West Side Flats Phase III Apartments Project) (a housing 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") therefor, 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 HRA has performed all actions required by law to be performed prior to the creation of the TIF District and adoption of a TIF Plan, 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 transmitting 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 September 4, 2019 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; and

WHEREAS, the HRA has previously created the Riverfront Renaissance Redevelopment Tax Increment Financing District (the "Prior TIF District") located within the Project Area and adopted a tax increment financing plan for the Prior TIF District (as previously amended, and as further amended hereby, the "Prior TIF Plan"); and

WHEREAS, the HRA has determined that it is necessary to further amend the Prior TIF Plan to remove the following property (collectively, the "Parcels") from the Prior TIF District in order to establish the TIF District within the Project Area:

Parcel ID

06.28.22.41.0050

Approximate Legal Description*

VACATED STREETS & ALLEYS ACCRUING; THE FOLLOWING, SUBJECT TO EASEMENTS; PART OF GOVT LOT 7 & PART OF BLOCK 175 ROBERTSONS ADDITION & PART OF BLOCKS 3 AND 4 BAZIL AND ROBERT'S ADD DESCRIBED AS BEGINNING AT INTERSECTION OF SOUTHERLY LINE OF BLOCK 175 AND EASTERLY LINE OF RAILROAD ROW THEN NORTHERNLY ALONG EASTERLY LINE OF SD RAILROAD RIGHT OF WAY TO SHORE OF RIVER THEN NORTHEASTERLY ALONG SHORE LINE TO SOUTHWESTERN LINE OF RIVERVIEW OFFICE ADDITION THEN SOUTHERNLY & SOUTHWESTERNLY ALONG SD SOUTHWESTERNLY LINE TO SOUTH LINE OF BLOCK 175 THEN SOUTHWESTERNLY ALONG SD SL TO BEGINNING

Parcel ID

06.28.22.41.0049

Approximate Legal Description*

LOT OUTLOT C OF RIVERVIEW OFFICE ADDITION

Parcel ID

06.28.22.14.0021

Approximate Legal Description*

LOT OUTLOT B of RIVERVIEW OFFICE ADDITION

*The existing parcels will be replatted to create two new tax parcels which are proposed to be identified as follows: Lot 1, Block 1, West Side Flats Phase III which has been assigned an address of 55 Livingston (the "WSF IIIA Parcel") and Lot 2, Block 1, West Side Flats Phase III which has been assigned an address of 85 Livingston (the "WSF IIIB Parcel") all as depicted in the plat map attached to the staff report accompanying this Resolution; and

WHEREAS, the HRA has investigated the facts and has caused to be prepared an Amendment to Tax Increment Financing Plan for the Riverfront Renaissance Redevelopment Tax Increment Financing District (the "Prior TIF Plan Amendment"); 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 Prior TIF District's original net tax capacity, and therefore the Prior TIF Plan Amendment may be accomplished without notice or hearing pursuant to Section 469.175, Subdivision 4(e)(2)(A) of the TIF Act; and

WHEREAS, the TIF District is being established to facilitate the acquisition and construction of an affordable housing development consisting of a PHIUS pre-certified Passive House building with approximately 82 rental housing units, underground parking and related amenities (the "Affordable Housing Development"). In addition, there will also be developed within the TIF District a housing development consisting of a building with approximately 171 market rate rental housing units, with underground parking and public improvements that

will include a public multi-modal trail and public picnic areas adjacent to the Mississippi riverfront area, (the “Market Rate Housing Development” and, together with the Affordable Housing Development, the “Development”); and

WHEREAS, WSF Phase III B Limited Partnership, a Minnesota limited partnership (or any affiliate thereof which owns or develops Affordable Housing Development, the “Developer”) has represented that it could not proceed with the development of Affordable Housing Development without tax increment assistance; 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 WSF IIIB Parcel to the Developer pursuant to the terms of the Development Agreement; and

WHEREAS, the HRA has, on this date, conducted a duly noticed public hearing regarding the sale of the WSF IIIB Parcel to Developer, in accordance with the HRA Act, at which all interested persons were given an opportunity to provide comments to the Board; and

WHEREAS, the Developer is requesting a loan of up to \$990,000 of HOME funds from the HRA to finance the Affordable Housing Development on terms set forth in the staff report accompanying this Resolution (“HOME Loan”), and the HOME Loan will be made pursuant to the terms and conditions of a Home Investment Partnerships Program Written Agreement, a HOME loan agreement, promissory note, real estate mortgage, declaration of covenants, conditions and restrictions, and related documentation (collectively, the “HOME Loan Documents”); and

WHEREAS, in connection with the Affordable Housing Development, the HRA has caused to be prepared a \$85,925 TBRA Subgrant Agreement and a \$200,000 LCDA Subgrant Agreement with the Developer and a related loan agreement, promissory note, real estate mortgage, and other related documents (collectively, the “Subgrant Documents”); and

WHEREAS, the Borrower has requested a waiver of the HRA’s developer’s fee policy for the Affordable Housing Development and staff is recommending that the HRA Board approve this waiver for the reasons stated in the staff report accompanying this Resolution (“Waiver”).

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners (the “Board”) of the HRA 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 development of low and moderate income housing facilities and related structures in the City, and 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 82 units of rental housing. At least 40% of the units (i.e., 33 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 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 included in the Development 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 Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary.

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.

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.

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 2022.

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 Prior TIF Plan Amendment.

3.01 The Prior TIF District and the Prior TIF Plan are hereby amended to remove the Parcels and the Prior TIF Plan Amendment is hereby approved. The Prior TIF Plan Amendment 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 Prior TIF Plan Amendment 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 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 \$1,793,000, interest in an amount up to \$7,037,000 and other project costs in an amount up to \$9,300,000) 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 \$18,130,000 outstanding at any time.

4.04 Any Loan shall mature not later than March 1, 2048 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 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.

Section 5. Approval of HOME Financing. The Board hereby approves the HOME Loan for the Affordable Housing Development contingent on: (a) the Developer securing from other sources the necessary funds to complete the Affordable Housing Development, (b) compliance with the HRA's compliance requirements by the Developer as set forth in the staff report, and (c) an administrative order authorizing the release of the HOME funds. The HRA Executive Director, staff and legal counsel for the HRA are further

directed and authorized to take all actions necessary to implement the HOME Loan.

Section 6. Approval of Land Sale.

6.01 The Board hereby finds and determines that conveyance of the WSF IIIB Parcel 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 redevelopment.

6.02 The Board hereby approves the conveyance of the WSF IIIB Parcel to the Developer pursuant to the Development Agreement.

6.03 The closing on the conveyance of the WSF IIIB Parcel to the Developer pursuant to the Development Agreement shall occur on or before July 1, 2020; provided, however, that the Executive Director of the HRA is hereby authorized to extend such closing date by up to 60 days, if necessary, in the sole discretion of the Executive Director of the HRA without further action by the Board.

6.04 HRA staff and officials are authorized to take all actions necessary to perform the HRA's obligations under the Development Agreement in connection with the conveyance of the WSF IIIB Parcel.

Section 7. Approval and Execution of Documents.

7.01 Approval of Development Documents. The Board hereby approves the Development Agreement, the HOME Loan Documents, and the Subgrant Documents 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, the HOME Loan Documents, or the Subgrant Documents including without limitation the TIF Notes as defined therein, a deed for the conveyance of the WSF IIIB Parcel, and any subordinations, assignments or consents necessary in connection with the Developer's financing, (collectively, the "Development Documents"). The Board further approves the Waiver.

7.02 Execution of Documents. The Chair or 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.

7.03 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.

Section 8. Approving an HRA Budget Amendment. The Board hereby approves the HRA budget as set forth in the attached Financial Analysis.