



## Legislation Text

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**File #:** RES PH 16-85, **Version:** 1

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Approving the establishment of the Ford Site Redevelopment Project Area and the Ford Site Redevelopment Tax Increment Financing District, and approving a Redevelopment Plan and Tax Increment Financing Plan therefor (District 15, Ward 3).

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 proposes to establish the Ford Site Redevelopment Project Area (the "Project Area") and has submitted to the Council 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 statement of objectives and program of the HRA 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 Saint Paul Planning Commission has reviewed said Redevelopment Plan, and approved 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, 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, the HRA has asked the Council to approve the creation, within the Project Area, of the Ford Site Redevelopment Tax Increment Financing District as a redevelopment tax increment financing district under Minnesota Statutes, Section 469.174, Subdivision 10 (the "TIF District"), and the adoption of a Tax Increment Financing Plan therefor (the "TIF Plan"), all pursuant to and in accordance with the TIF Act; and

WHEREAS, the TIF District is being established to facilitate necessary public infrastructure and related costs to advance the redevelopment of the Ford Site into a mix of housing and commercial uses (the "Development"); and

WHEREAS, the HRA has, or at the time of its approval of the TIF Plan will have, 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, on this date, the Council conducted a public hearing on the Redevelopment Plan and the TIF Plan, after duly published notice thereof; and

WHEREAS, at said public hearing the Council heard testimony from all interested parties on the Redevelopment Plan and the TIF Plan; and

WHEREAS, the Council has considered the findings and determinations of the Saint Paul Planning Commission and the HRA respecting the Project Area, Redevelopment Plan, TIF District and TIF 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 City Council of the City of Saint Paul, Minnesota (the "City") as follows:

Section 1.           Approval of Redevelopment Plan.

1.01           It is hereby found and determined that the undertakings and site of the Project Area, as described in the Redevelopment Plan constitutes a "redevelopment project" within the meaning of Minnesota Statutes, Section 469.002, Subdivision 14. It is hereby found and determined that the land in the Project Area would not be made available for, nor would redevelopment be financially feasible without the financial assistance proposed for the Project Area. It is hereby found and determined that the Redevelopment Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of such area by private enterprise. It is hereby found and determined that the Redevelopment Plan conforms to the Saint Paul Comprehensive Plan and the general plan for the development of the City as a whole.

1.02           The Redevelopment Plan is hereby approved as in the public interest and as necessary in order to carry out the development and redevelopment of the Project Area in accordance with the objectives and purposes in said Redevelopment Plan provided thereby to eliminate the conditions identified in said Redevelopment Plan and accomplish the provision of public improvements and private developments contemplated by said Redevelopment Plan in the furtherance of the general welfare of the citizens of Saint Paul.

Section 2.           Findings for the Creation of the TIF District and Adoption of a Tax Increment Financing Plan therefor.

2.01           The Council hereby finds that the creation of the TIF District and adoption of the TIF Plan therefor, are intended and, in the judgment of the Council, the effect will be, to carry out the objectives of the Redevelopment Plan by redeveloping the Ford Site into a mix of housing and commercial uses in the City, and to otherwise promote certain public purposes and accomplish certain objectives as specified in the Redevelopment Plan and TIF Plan.

2.02           The Council hereby finds that the TIF District qualifies as a "redevelopment district" within the meaning of the TIF Act for the following reasons:

The TIF 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 TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures.

The TIF District consists of two parcels, and the parcels are "occupied" as defined in Minnesota Statutes, Section 469.174, Subd. 10(a)(1), in that at least 15% of the area of the parcels, is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and the parcels consist of 70% of the area of the TIF District. In addition, there were

originally 10 buildings located in the TIF District, and 7 of the 10 buildings were found, by resolution of the HRA No. 13-347 adopted on February 27, 2013 by the HRA Board of Commissioners, to be structurally substandard to a degree requiring substantial renovation or clearance, which is greater than 50%. Furthermore, 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 made in this Section 2, include without limitation the report of Compass Rose Consulting, Inc., dated April 27, 2012, which report was reaffirmed by letter dated February 20, 2013 (collectively, the "Redevelopment Assessment Report"), are on file with the staff of the HRA. Subsequently, the HRA entered into a contract ("Contract") with a developer, namely Ford Motor Company, c/o Ford Motor Land Development Corporation dated February 27, 2013 to demolish the 7 structurally substandard buildings. The buildings were demolished after the HRA entered into the Contract. There have been no building permits issued or improvements made to any remaining buildings since the date of the Redevelopment Assessment Report.

2.03 The Council hereby makes the following additional findings:

(a) The Council 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. The specific basis for such finding being:

The property on which the proposed Development will occur has not been redeveloped or occupied for several years and the prior use was functionally obsolete. The costs of clearing the site and providing the necessary infrastructure for development in the TIF District are higher than for new development and it would not be economically feasible for private development to proceed with the Development without tax increment assistance.

(b) The Council 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 construction of the Development contemplated is or will be in substantial accordance with the City's comprehensive plan.

(c) The Council 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 commercial and housing and is consistent with other uses in the area. The Development will increase the taxable market valuation of the City.

(d) For purposes of compliance with Minnesota Statutes, Section 469.175, Subdivision 3 (2), the 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 \$1,212,642,614 which is the increase in the market value estimated to result from the proposed development (\$1,330,185,900), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (i.e., \$117,543,286). In making

these findings, the Council has noted that the property has not been developed or occupied for several 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 the TIF District. The City elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subd. 3(b).

(f) The City elects to delay the receipt of the first increment until tax payable year 2020.

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

Section 3. Creation of TIF District and Approval of TIF Plan.

3.01 The creation of the TIF District and the adoption of the TIF Plan therefor are hereby approved.

3.02 The staff of the HRA and the City and the HRA's and City's advisors and legal counsel are authorized and directed to proceed with the establishment of the TIF District and implementation of the TIF Plan and this Resolution. The staff of the HRA and the City and the HRA's and City's advisors and legal counsel are authorized and directed 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 to accomplish these actions.

The staff is directed to submit the request to Ramsey County to certify the original tax capacity of the TIF District.