

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 23, 2024

REGARDING: RESOLUTION APPROVING THE DECERTIFICATION OF THE KOCH MOBIL REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT AND AMENDING THE HRA BUDGET THEREFOR; DISTRICT 9, WARD 2

Requested HRA Board Action

Adoption of a resolution that authorizes the decertification of the Koch Mobil Redevelopment TIF District (the “TIF District”) and approves amending the HRA Debt Service budget to redeem outstanding City TIF obligations (the “Bonds”).

Related City Council Action

Adoption of a resolution that calls for the early redemption of the Bonds and terminates the related pledge agreement.

Background

The HRA Board established the Koch Mobil Tax Increment Financing District (the “TIF District”) and Tax Increment Financing Plan (“TIF Plan”) on February 11, 2004. The TIF Plan authorized the HRA to spend tax increments from the TIF District on eligible public improvements. The TIF district was comprised of 64 acres with the majority owned by Koch Refineries (~22 acres) and Mobil (aka Exxon/Mobil) (~36 acres) with about 37 acres developable. The plan was for the HRA to acquire the properties from Koch and Exxon Mobil and sell development ready blocks to Brighton Development (the “Developer”) to result in over 850 housing units and open space. The City issued TIF obligations to finance the public improvements. The City’s GO Tax Increment Refunding Bonds, Series 2010A were issued to refund prior bonds and remain outstanding (the “Bonds”). The Bonds require annual principal payments on March 1, and the current outstanding balance is \$1,075,000.

The HRA acquired the Koch property for residential development and the Exxon Mobil property was acquired through eminent domain for open space. Today, the TIF District consists of Victoria Park (a master planned city park under development), 195 units of senior housing with a continuum

of care, including nursing home beds owned/operated by non-profit Sholom, 472 market rate rental apartments, 13 rental townhomes, Mississippi Market cooperative and Nova Classical Academy (a K-12 public charter school).

The TIF Plan also authorized expenditures outside the TIF district but within the Project Area, and for affordable housing anywhere in the city. This is commonly known as “Pooling”. MN TIF Statutes limit the amount of Pooling to not more than 35% (includes administrative expenditures) of the tax increments generated by the TIF parcels expended for qualifying TIF district expenditures. As a result of more than half of the site comprised as city parkland (MN TIF Statutes do not allow the tax increments to be expended on parks), the qualifying TIF district expenditures were lower than originally anticipated and the TIF district is expected to collect sufficient tax increments through Pay 2024 to expend for Pooling absent legislative action. Therefore, staff is recommending that we decertify the TIF District early as of December 31, 2024. If approved, no future tax increments will be collected by the HRA, as the TIF Authority, from taxes due in 2025 and beyond. The HRA will still have the authority to continue to spend within the TIF District Pooling limitations. Any remaining increments not eligible for spending, as determined by the Executive Director of the HRA, will be returned to Ramsey County and redistributed to the appropriate taxing jurisdictions.

Budget Action

The HRA is approving a budget amendment to increase expenditures for the redemption of the outstanding principal and the accrued interest which is included in the attached Financial Analysis.

Financing Structure

The HRA will transfer tax increments collected to the City to redeem the outstanding Bonds in the amount of \$1,075,000 and pay accrued interest to the redemption date.

Related City Council Action

City Council action on this same date will include the authority to call for repayment the Bonds and terminate the related pledge agreement.

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

N/A

Recommendation:

The Executive Director recommends adoption of a resolution that authorizes the decertification of the Koch Mobil Redevelopment TIF District and approves amending the HRA Debt Service budget to redeem outstanding City TIF obligations.

Sponsored by: **Chair Rebecca Noecker**

Staff: Jenny Wolfe (266-6680)

Attachments

- Financial Analysis
- Map of TIF District