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

REPORT TO THE COMMISSIONERS DATE: NOVEMBER 12, 2025

REGARDING: RESOLUTION APPROVING AN ADMINISTRATIVE AMENDMENT

TO THE BUDGET FOR TAX INCREMENT FINANCING PLAN FOR THE HOUSING TAX INCREMENT FINANCING DISTRICT NO. 3 (SHEPARD DAVERN SENIOR RENTAL HOUSING DISTRICT) AND APPROVING AN HRA BUDGET AMENDMENT, DISTRICT

15, WARD 3

Requested Board Action

Approve a Third Amendment to the Shepard Davern Senior Rental Housing TIF Plan to increase interest expenditures and an HRA budget amendment reflecting the same.

Background

On August 23, 2003, the HRA adopted Resolution No. 03-8/27-5 approving the creation of Housing Tax Increment Financing District No. 3, Shepard Davern Senior Rental Housing District (the "TIF District"), and adopted a tax increment financing plan for the TIF District (the "Original TIF Plan"). The TIF District was established to provide financial assistance for the construction of approximately 120 affordable senior rental housing units (the "Redevelopment Project"). On October 22, 2003, the HRA adopted resolution 03-10/22-6 approving a First Amendment to Tax Increment Plan for the TIF District to clarify the legal description for the TIF (the "First Amendment"). On January 14, 2004, the HRA adopted resolution 04-1/14-4 approving an amendment to the Original TIF Plan to amend the budget (the "Second Amendment", collectively with the Original TIF Plan and First Amendment, the "TIF Plan"). The final year for the TIF District is 2030.

The HRA issued pay as you go obligations to project developer, pledging tax increments collected by the HRA to reimburse eligible costs of the project with interest. Pay as you go obligations are limited obligations without scheduled payments, and revenues are first used to pay interest and then to retire principal. The HRA makes no representation that the pledged increments will be sufficient to pay principal and interest. The TIF Plan budget was prepared and approved based upon the projected tax increments to be generated in the TIF District. Many factors impact the

amount of tax increments actually collected by the HRA, including the taxable market value of the

project and the applicable tax rate. The actual tax increments collected have not matched the

projected tax increments.

The HRA has determined that it is necessary to administratively amend the budget for the TIF

District to reallocate budgeted expenditures to match the projected uses of funds. Staff has

prepared the attached Third Amendment to TIF Plan (the "Third Amendment") to increase the

interest payments and reduce the principal amount reimbursed. The Third Amendment does not

increase the total estimated tax increment expenditures, the amount of bonded indebtedness,

capitalized interest, or make any other changes described in Minnesota Statutes, Section 469.175,

subd. 4, enabling the HRA Board to administratively amend the TIF Plan budget.

Budget Action

The HRA budget for the TIF District is amended as shown in the attached Financial Analysis, to

align with the TIF Plan amended budget, which includes:

1. Adjustment of revenues, including interest earnings, to align with the maximum budget.

2. Increase interest expense and reduce the principal expense.

TIF Plan budgets are multi-year budgets acted on and in place when the TIF district is first

established. This budget change is a technical change and does not impact the housing project or

the pledged tax increments and solely amends the HRA budget specific to the TIF District to align

with the proposed amended TIF Plan budget.

Recommendation:

The Executive Director recommends approval of the resolution adopting the Third Amendment to

the Shepard Davern Senior Rental Housing TIF Plan and amending the HRA Budget.

Sponsored by: Commissioner Jost

Staff: Jenny Wolfe, 266-6680

Attachments

• Financial Analysis

Third Amendment to TIF Plan