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 OSCEOLA PARK TAX INCREMENT FINANCING DISTRICT, A HOUSING DISTRICT, AND APPROVING AN HRA BUDGET AMENDMENT, DISTRICT 9, WARD 2**

Requested Board Action

Approve a Second Amendment to the Osceola Park Housing TIF Plan to increase interest expenditures and an HRA budget amendment reflecting the same.

Background

On July 11, 2001, the HRA adopted Resolution No. 01-7/11-10 approving the creation of the Osceola Park Tax Increment Financing District, a 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 87 affordable senior rental housing units (the “Redevelopment Project”). On June 26, 2002, the HRA adopted resolution 02-6/26-3 approving an Amended and Restated TIF Plan for the TIF District which amended and restated the Original TIF Plan (the “TIF Plan”). The final year for the TIF District is 2028.

The HRA issued a pay as you go obligation to the 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 Second Amendment to TIF Plan (the "Second Amendment") to increase the interest payments and reduce the principal amount reimbursed. The Second 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 Second Amendment to the Osceola Park Housing TIF Plan and amending the HRA Budget.

Sponsored by: Commissioner Noecker

Staff: Jenny Wolfe, 266-6680

Attachments

- Financial Analysis
- Second Amendment to TIF Plan