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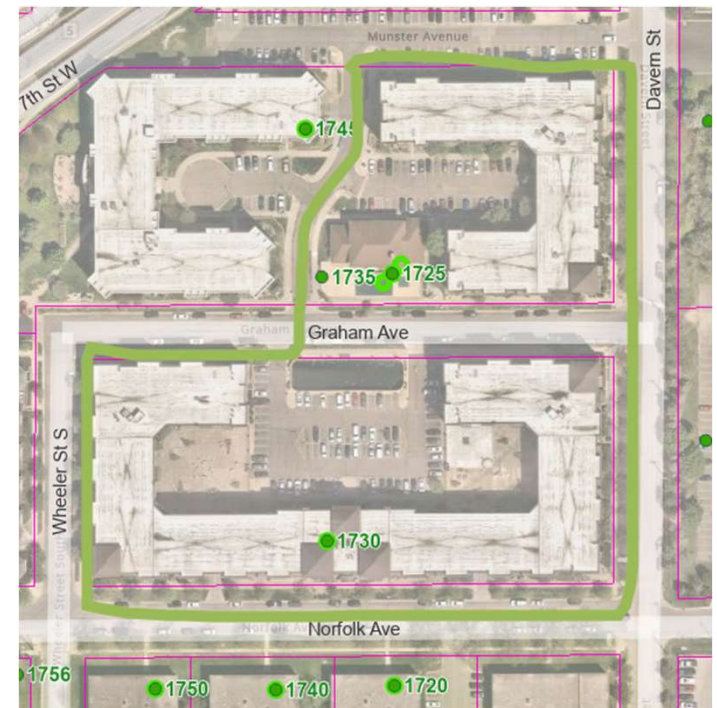
**INTRODUCTION TO FORMAL AMENDMENT TO SHEPARD DAVERN  
RENTAL HOUSING TIF DISTRICT #244**

October 23, 2024



## BRIEF HISTORY OF SHEPARD DAVERN RENTAL HOUSING TIF DISTRICT #244

- Housing TIF District established in August 2003 and requires ongoing compliance with TIF district #245 (also established in 2003)
- TIF District development included 325 rental housing units in two buildings (River Crossing) restricted as follows:
  - 10% of the units restricted to households at 30% AMI or below;
  - 15% of the units restricted to households at 50% AMI or below;
  - 55% of the units restricted to households at 120% AMI or below; and
  - 20% of the units were unrestricted (market rate)





## **BRIEF HISTORY OF SHEPARD DAVERN RENTAL HOUSING TIF DISTRICT #244 (Cont'd)**

- TIF Development agreement combined this development with the Senior Rental Housing Project #245 (Graham Place);
- HRA issued Pay As You Go TIF Notes for both developments, each pledging 90% of the tax increments received from their respective TIF District;
- Tax increment collections for #244 began in 2006 and the **TIF Note was recently paid in full** (i.e., the developer was reimbursed for eligible costs of the project with interest);
- The final statutory collection year is 2031;



## TIF PLAN AND PROPOSED AMENDMENT

- The TIF Plan authorized the expenditure of tax increments for qualifying costs of affordable housing, including acquisition and site improvements, as well as administrative expenditures and interest expenses
- The TIF Plan budget included total revenue and spending of \$10.7 million;
- Based on final collection date, staff is proposing to expand capacity for affordable housing.
- **The proposed amendment to the TIF plan will authorize expenditures for the construction of qualifying affordable housing anywhere in the City**
- The proposed amended budget will total \$17.335 million, which is shown as an increase in revenue of over \$6.6 million (for an additional 7 years)
- The process to amend the TIF Plan to increase revenue and spending is the same as used to originally establish the TIF district and adopt the TIF Plan



## TIF PLAN AND PROPOSED AMENDMENT (Cont'd)

- What are the benefits of authorizing the amendment:
  - **Housing TIF districts** are **not** Redevelopment TIF districts (subject to pooling limitations), provided affordable housing requirements are met
  - Tax increments, once collected, may be expended on qualifying housing projects anywhere in the City, which includes:
    - Rental housing with at least 20% of the units affordable at 50% AMI or 40% of the units affordable at 60% AMI (qualifying as a low-income building under the Internal Revenue Code)
    - Ownership housing with at least 95% of the units initially purchased by households with incomes at or below 110% AMI (qualifying mortgage bond project under the Internal Revenue Code)
  - All housing projects would need to meet the But-For requirement with HRA Board approval
- What is the alternative:
  - Decertify the TIF district early and return the captured tax capacity to the tax base;



## NEXT STEPS

- **HRA Board** Resolution for adoption on **November 13, 2024**
  - Approve Amendment to TIF Plan
    - Increasing the total revenues and expenditures
    - Authorizing additional expenditures for qualifying affordable housing projects anywhere in the City
  - Approve HRA budget amendment to align with TIF Plan budget, as amended
- **City Council** Resolution for adoption on **November 13, 2024**
  - Public Hearing
  - Approve Amendment to TIF Plan as recommended by the HRA Board



## **FUTURE SPENDING/APPROVAL OF #244 PROJECTS**

- HRA Board pending action to amend TIF Plan will not approve any projects
- All future spending will need to be authorized by the HRA Board
- The spending will be allocated once revenues are received
- Current estimate is \$1.5 million will be available following Pay 2024 tax increment collections, if amendment is adopted



## Questions?

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