



STPAUL.GOV

CITY OF SAINT PAUL

UPDATES ON TAX INCREMENT FINANCING ACTIONS

September 18, 2024



Summary of TIF Districts

For Pay 2024, there are 47 HRA TIF Districts and 12 Port TIF Districts that will generate:

	No. of TIF Districts	Total Captured Tax Capacity	Percent of Total	Total Increment to TIF Authority	Percent of Total
HRA Districts	47	\$28,386,284	82%	\$35,262,135	86%
Port Districts	12	\$4,591,217	18%	\$5,761,404	14%
TOTALS	59	\$32,977,501		\$41,023,539	

Of the 47 HRA TIF Districts, 26 are Housing TIF districts, with 24 rental housing with long-term income restrictions, and the other two ownership housing



Tax Capacity Captured in TIF

For Pay 2024, these 59 TIF Districts are capturing 7.87% of the City's total tax capacity. The table below includes a five-year history, plus the **preliminary Pay 2025 information from the county indicating 7.37% captured.**

Pay Year	Total Tax Capacity	Total % Change	TIF Tax Capacity	TIF % Change	% Captured
2020	322,743,625	5.6%	26,923,820	2.1%	8.34%
2021	351,910,499	9.0%	29,833,031	10.8%	8.48%
2022	360,745,057	2.5%	29,131,930	-2.4%	8.08%
2023	396,939,488	10.0%	30,891,446	6.0%	7.78%
2024	419,169,637	5.6%	32,977,501	6.8%	7.87%
Prel 2025	411,627,736	-1.8%	30,344,833	-8.0%	7.37%



Preliminary Pay 2025 TIF Information

- For Pay 2025, we have preliminary data from Ramsey County, as follows:

	No. of TIF Districts*	Total Captured Tax Capacity
HRA Districts	47	\$25,926,478
Port Districts	12	\$4,418,355
TOTALS	59	\$30,344,833

* One new district was added for Pay 2025 and one district was decertified

The total tax increments cannot be projected until the tax rates are determined.



Required Actions Before End of Year

- **Early decertification of the Koch Mobil Redevelopment TIF District #248**
 - Capturing \$1,552,795 reported in the prior slide
 - HRA Board to consider a resolution to decertify this TIF district effective 12/31/2024, resulting in the \$1,552,795 returning to the tax base (for Pay 2025).
 - Redevelopment TIF district limited on any future pooling (statutory decertification year is 2030)
 - The preliminary captured tax capacity percentage for Pay 2025 would decline to 6.99% with this action



Map of TIF District, created in 2004, with more than half the site established as Victoria Park (without TIF assistance)



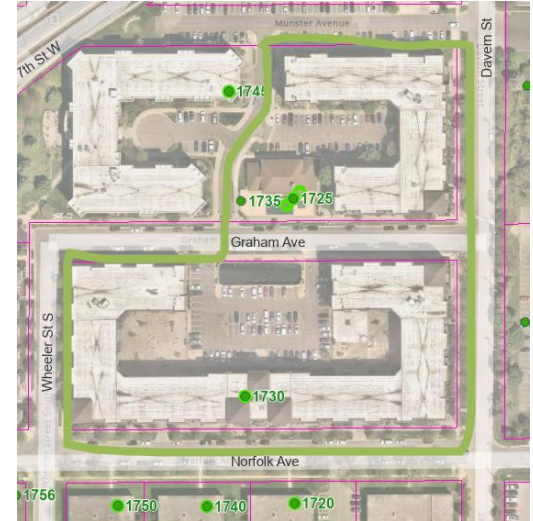
Required Actions Before End of Year (Cont'd)

- **Administrative amendments** to the following TIF districts to adjust budgets:
 - **Block 4 – MN Mutual (Securian) Redevelopment TIF #212** (final year 2026)
 - **North Quadrant Special Housing TIF #224/233/241/260/268** (final year 2027)
 - **Straus Housing TIF #232** (final year 2028)
- When we issue TIF notes, the pledged tax increments are first used to pay any outstanding interest and then to reduce principal;
- When collected increments are lower than projected, the principal payments are less than projected, which therefore increases the interest expense;
- The budget adjustments will increase the interest expenditure by reducing the principal (eligible costs) and admin budgets;
- These TIF districts have not generated the expected tax increments to service the existing TIF notes;
- The pending amendments to TIF district budgets is the HRA's responsibility and is done through HRA Board action



Proposed Additional Actions Before End of Year

- Formal amendment of the **Shepard Davern Rental Housing TIF District #244**
 - Projected to generate \$847,000 in Pay 2024 reducing to \$728,000 in Pay 2025
 - Represents \$599,263 of preliminary Pay 2025 captured tax capacity
 - Housing TIF district not limited on pooling, provided affordable requirements are met
 - **Adopted TIF budget has been exceeded, formal amendment required to increase revenues and spending**
 - **Potential spending would total approximately \$6.6 million (through 2031)**
 - Tax increments, once collected, eligible to spend on any qualifying housing activity, which includes:
 - Rental housing with at least 20% of the units affordable at 50% AMI or 40% of the units affordable at 60% AMI
 - Ownership housing with at least 95% of the units initially purchased by households with incomes at or below 110% AMI
 - Public process includes City Council public hearing and HRA Board action to increase budget



TIF district #244 parcels shown above



Tax Increments for Housing

- MN TIF Statutes allow tax increments collected from TIF districts to be spent on activities geographically located outside the TIF district, commonly know as “Pooling”
 - Redevelopment TIF districts are limited to up to 35% for Pooling, including administrative expenditures, with certain limitations
 - Housing TIF districts are similarly limited, however, qualifying housing expenditures are not considered Pooling even when located outside the TIF district
- Estimated pooling for Affordable Housing from existing Redevelopment TIF districts are shown on following slide
- Estimated available tax increments from existing Housing TIF districts are shown on the following slide
 - The Shepard Davern Housing TIF District will generate annual tax increments for housing if the formal amendment is completed



Tax Increments for Housing (Cont'd)

- Pooling for Housing from Redevelopment TIF Districts (through 2024 only) – est \$5.35M:
 - Emerald Gardens (#228/266/267): \$1.6 million
 - Phalen Village (#234/269): \$1.075 million
 - Koch/Mobil (#248): \$1.2 million
 - Pioneer Endicott (#302): \$525,000
 - Custom House (#317): \$950,000
- Available tax increments from Housing TIF Districts (through 2024 only) – est. \$990K:
 - Highland Pointe Lofts (#278): \$500,000
 - West Side Flats Phase III (#340): \$290,000
 - Ford Site Housing TIF #2 (#346): \$200,000



TIF Districts Decertifying 2024-2031

The table below lists the TIF Districts that are scheduled (or planned) to decertify in the period 2024-2026 (final year) for capture years 2024-2027:

TIF #	TIF Name	Final Year	Projected Released Tax Capacity
#194	1919 University Redevelopment TIF District	2024	\$139,548
#248	Koch Mobil TIF (<i>early decertification</i>)	2024	\$1,552,795
#312	Southport (Gerdau) ED TIF (Port)	2025*	\$5,911
#212	MN Life/Block 4 Redevelopment TIF	2026*	\$1,243,617
#213	Block 39/Lawson Redevelopment TIF	2026*	\$1,389,977

* Released Tax Capacity based on Preliminary Pay 2025 Captured Tax Capacity



TIF Districts Decertifying 2024-2031 - Cont'd

The table below lists the TIF Districts that are scheduled to decertify in the period 2027-2028 (final year) for capture years 2028-2029:

TIF #	TIF Name	Final Year	Projected Released Tax Capacity*
#224/260	No. Quadrant Phase I TIF (Special Housing)	2027	\$223,255
#233/268	No. Quadrant Phase II TIF (Special Housing)	2027	\$262,328
#241	No. Quadrant Phase III TIF (Special Housing)	2027	\$151,520
#225/261-265	Riverfront Renaissance Redevelopment TIF	2028	\$3,049,653
#228/266/267	Emerald Park Redevelopment TIF	2028	\$1,216,338
#232	Straus Apartments Housing TIF	2028	\$40,864
#234/269	Phalen Village Redevelopment TIF	2028	\$695,557
#236	JJ Hill/Great Northern Redevelopment TIF	2028	\$308,551
#237	Osceola Park Apartments Housing TIF	2028	\$36,341

* Based on Preliminary Pay 2025 Captured Tax Capacity



TIF Districts Decertifying 2024-2031 - Cont'd

The table below lists the TIF Districts that are decertifying in the period 2029-2031 (final year) for capture years 2030-2032:

TIF #	TIF Name	Final Year	Projected Released Tax Capacity*
#222	Great Northern – North Redev. TIF District (Port)	2029	\$544,662
#240	Bridgescreek Housing TIF	2029	\$57,394
#238	Energy Lane Redevelopment TIF (Port)	2030	\$219,972
#243	Shepard Davern Redevelopment TIF -Condos	2030	\$315,800
#245	Shepard Davern Senior Rental Housing TIF	2030	\$54,112
#89-1	Westgate HSS (Port) Estimated End Date	2031	\$46,472
#244	Shepard Davern Rental Housing TIF	2031	\$599,263
#249	Westminster Redevelopment TIF (Port)	2031	\$1,173,262

* Based on Preliminary Pay 2025 Captured Tax Capacity



Captured Tax Capacity Projections

The table below identifies how the projected captured tax capacity may change with the new TIF districts offset by TIF districts expiring (including Koch Mobil #248); **assuming no changes to the City's overall tax base, other than activity within a TIF district**

Year	Added TIF Tax Cap	Total Tax Capacity	Decertified TIF Tax Cap	Total Captured TIF Tax Cap	% Captured TIF Tax Cap
Pay 2025	\$654,421*	\$411,627,736	\$1,692,343	\$28,792,038	6.99%
Pay 2027**	\$8,166,668	\$419,794,404	\$2,639,505	\$34,319,201	8.18%
Pay 2028	\$2,397,476	\$422,191,880	\$637,103	\$36,079,574	8.55%
Pay 2029	\$1,576,822	\$423,768,702	\$5,347,304	\$32,309,092	7.62%
Pay 2030	\$1,548,559	\$425,317,261	\$602,056	\$33,255,595	7.82%
Pay 2032***	\$2,922,042	\$428,239,303	\$2,408,881	\$33,768,756	7.89%

**Includes Pay 2026

***Includes Pay 2031

*The captured tax capacity for some newer TIF districts has declined, so the net "add" is shown in this year



Questions?

Staff Contact:

Jenny Wolfe, PED, HRA Debt Manager

651-266-6680

jenny.wolfe@ci.stpaul.mn.us