

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

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 20, 2024

REGARDING: RESOLUTION APPROVING AN ADMINISTRATIVE AMENDMENT TO THE BUDGET FOR TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 1 (NORTH QUADRANT)(A HOUSING DISTRICT)AND APPROVING AN HRA BUDGET AMENDMENT, DISTRICT 17, WARD 2

Requested Board Action

Approve a Fourth Amendment to the Tax Increment Financing District No. 1 (North Quadrant) (a housing district) to increase interest expenditures and an HRA budget amendment reflecting the same.

Background

On August 9, 2000, the HRA adopted Resolution No. 00-8/9-6 approving the creation of the Tax Increment Financing District No. 1 (North Quadrant) (a housing district) (the “TIF District”) and adopted a tax increment financing plan for the TIF District (the “TIF Plan”). On October 25, 2000, August 8, 2001, and September 24, 2003, the HRA adopted Resolution No. 00-10/25-3, Resolution No. 01-8/8-7, and Resolution No. 03-9/24-2, respectively, approving amendments to the TIF District and the TIF Plan (collectively, the “Amended TIF Plan”).

The TIF District was established, and amended, to provide financial assistance for the construction of a mix of rental and ownership housing units totaling approximately 422 housing units. The final year for the TIF District is 2027.

The HRA issued multiple obligations, including pay as you go obligations to the developers, 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 Fourth Amendment to TIF Plan (the “Fourth Amendment”) to increase the interest payments and reduce the principal amount reimbursed. The Fourth 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.

Recommendation:

The Executive Director recommends approval of the resolution adopting the Fourth Amendment to the North Quadrant TIF Plan and amending the HRA Budget.

Sponsored by: Chair Noecker

Staff: Jenny Wolfe, 266-6680

Attachments

- Financial Analysis
- Fourth Amendment to TIF Plan