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CITY OF SAINT PAUL

# TAX INCREMENT FINANCING

April 23, 2025



## Summary of Topics

- Pay 2025 Summary of TIF Districts and Captured Tax Capacity
- New and Expiring TIF Districts
- Outcomes to Date and Projected Outcomes
- Summary of 2024 - collections (unaudited) compared to expected amounts, TIF debt information
- Projected Change in Captured Tax Capacity
- What TIF looks like in practice – Custom House/Post Office #317



## Summary of TIF Districts

For Pay 2025, there are 46 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	46	\$24,338,316	85%	\$31,467,763	85%
Port Districts	12	\$4,346,268	15%	\$5,622,993	15%
<b>TOTALS</b>	<b>58</b>	<b>\$28,684,584</b>		<b>\$37,090,756</b>	

Of the 46 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 2025, these 58 TIF Districts are capturing 7.01% of the City's total tax capacity. The table below includes a five-year history:

<b>Pay Year</b>	<b>Total Tax Capacity</b>	<b><i>Total % Change</i></b>	<b>TIF Tax Capacity</b>	<b><i>TIF % Change</i></b>	<b>% Captured</b>
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%
<b>2025</b>	<b>409,203,993</b>	<b>-2.4%</b>	<b>28,684,884</b>	<b>-13.0%</b>	<b>7.01%</b>



## New and Expiring TIF Districts

- Five (5) TIF districts have been established and will begin collections in 2026 or later:
  - #358 - Landmark Towers Redevelopment TIF (collections begin in 2026, project is nearly complete)
  - #359 - The Heights Sherman Phase I Housing TIF (HRA Board action pending)
  - #360 - The Heights Habitat Phase I Housing TIF (collections begin in 2027, project is underway)
  - #361 - The Heights JO Companies Housing TIF (HRA Board action pending)
  - #362 - Snelling Midway Redevelopment TIF (collections expected to begin in 2027 or later, first phase is underway)
- Two TIF districts expired in 2024:
  - #194 - 1919 University Redevelopment TIF (expired by its' terms)
  - #248 - Koch Mobil Redevelopment TIF (decertified early as authorized by the HRA Board (RES 24-1548))





## HRA TIF District Outcomes To Date and Projected

The 46 TIF districts established by the HRA generating increment this year include the following outcomes:

- **26 Housing TIF Districts have generally produced:**
  - **3,058 total housing units**, as follows:
    - 2,057 affordable rental (60% AMI or below)
    - 877 market rate rental (above 60% AMI)
    - 50 affordable owner (income restricted generally 115% AMI or below)
    - 74 market rate owner (not income restricted)
- **Additionally, there are 3 Housing TIF districts established with 73 affordable ownership units underway** (Habitat Heights Phase I) and **429 rental units anticipated with 245 affordable, pending future HRA Board action** (JO Companies Heights and Sherman Associates Phase I Heights)



# HRA TIF District Outcomes To Date and Projected

- **18 Redevelopment TIF Districts have generally produced:**
  - **2,616 total housing units**, as follows:
    - 509 affordable rental (60% AMI or below)
    - 1,190 market rate rental (above 60% AMI)
    - 917 market rate owner (not income restricted)
  - 1,645,585 SF of commercial uses, including retail, office and service
  - 149 hotel rooms
  - 3,473 structured parking spaces
  - Public improvements including new roadway (Bidwell)
- **Additionally, there is 1 redevelopment TIF district established with 187 market rate rental units underway** (Landmark Towers to begin collections in 2026)

*Ford Site Redevelopment TIF and Minnesota Events TIF (to bring total to 20) and Snelling Midway Redevelopment TIF are listed on following slides*



## HRA TIF District Outcomes To Date and Projected

Redevelopment at the **Ford Site** includes construction completed or underway, as follows (excluding separate housing TIF districts covered earlier):

- 170 Ownership units
- 230 Market Rate rental units
- 425 Senior Rental units
- 60 Affordable Rental units
- 119,000 SF of retail/office
- All parks, streets and utilities are substantially complete, with full completion by the end of 2025

The **Minnesota Events TIF district** has generated an average of \$2.8 million/year (2009-2024) to facilitate capital improvements within the RiverCentre complex, including the arena, and is expected to generate \$3.2 million in Pay 2025



## HRA TIF District Outcomes To Date and Projected

- Redevelopment at **Snelling Midway** includes the privately financed 19,000 seat soccer stadium, home to the Minnesota United
- Construction is underway for the first phase of private development, including
  - **Two restaurants** each occupying around 5,000 square feet
  - A **four-story office building** with ground floor retail, and adjacent parking occupying around 87,000 square feet
  - A **160-room hotel** with 5,000 square feet of retail and 10,000 square feet of restaurant space on the first level of the hotel with an attached 320 stall parking structure
  - Completion of street segments expanding beyond the stadium
- Phase one also included the construction of two Privately Owned Public Spaces (POPS), including a sculpture garden and all-abilities playground
- Future phases are anticipated to include completion of Spruce Tree east of Simpson and additional commercial uses and housing construction



## **HRA TIF District Outcomes To Date and Projected**

In summary, the total production in place or planned:

- Nearly **7,250 of new housing units**
- Nearly **2 million SF of Commercial Uses**
- Over 300 hotel rooms
- Nearly 4,000 structured parking stalls



## Pay 2024 Collections

For Pay 2024, there were 48 HRA TIF Districts and 12 Port TIF Districts generating increment. Below are the unaudited collections:

District Type	Total Expected	Total Actual	Collection Rate
HRA Housing TIF Districts (26)	\$7,875,156	\$7,120,900	90%
HRA Redevelopment TIF Districts (22)	\$27,386,979	\$24,058,331*	88%
Port TIF Districts (12)	\$5,761,404	\$5,753,356	100%
<b>All TIF Districts</b>	<b>\$41,023,539</b>	<b>\$36,942,586</b>	90%

For the HRA TIF districts, most of the reductions are the result of the settlement of tax petitions over multiple years.  
\*\$2,632,412 of this amount was paid to Ramsey County from the Minnesota Events TIF District



## Pay 2024 Debt Obligations and Expenditures

- The HRA expended tax increments on **34 Pay-Go Notes** with Pay 2024 tax increment collections
  - One note was paid in full and one note terminated with the expiration of the TIF district
  - **Total payments were over \$10.4 million**
  - Pay-Go Notes do not have scheduled payments, the HRA pledges tax increments as they are collected without any liability of the HRA or City for any other financial backing

The total **principal balance** following the above payments **is over \$97 million**
- The HRA expended tax increments on **6 TIF Revenue Bonds** with Pay 2024 tax increment collections
  - **Total payments were nearly \$3.97 million**
  - TIF Revenue Bonds generally have scheduled principal and interest payments, and the HRA pledges tax increments as they are collected without any liability of the HRA or City for any other financial backing if pledged tax increments are not sufficient to cover the scheduled payments.

The total **principal balance** following the above payments **is nearly \$13 million**



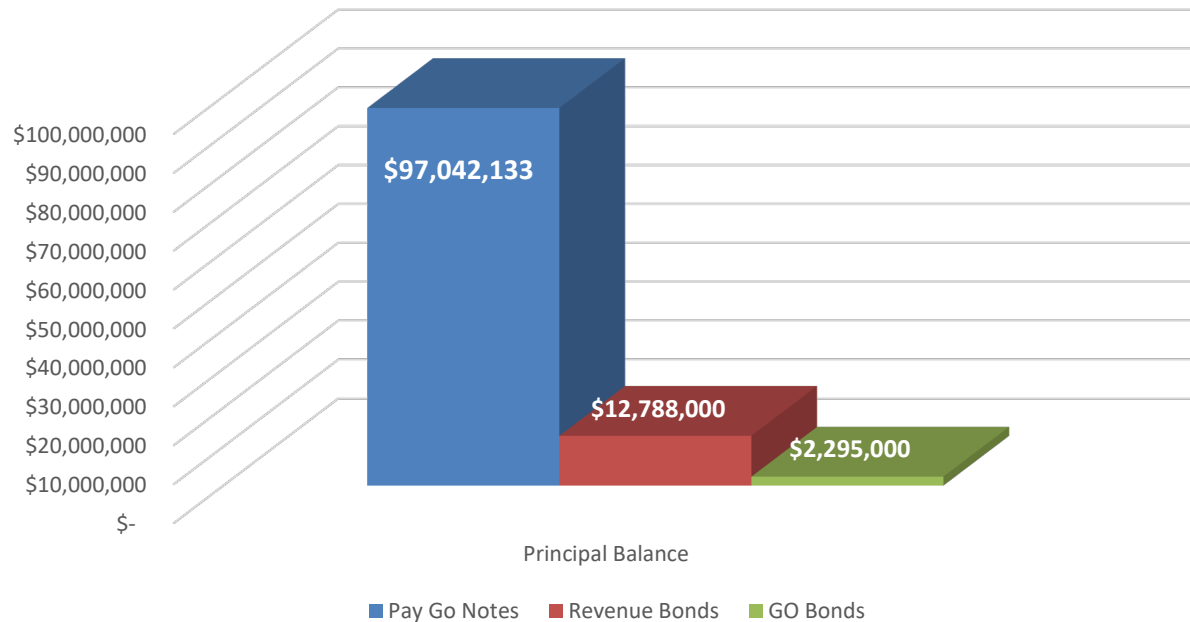
## Pay 2024 Debt Obligations and Expenditures

- The HRA expended tax increments on **3 General Obligation (GO) TIF Revenue Bonds** with Pay 2024 tax increment collections
  - Two GO TIF bond were fully paid in 2024 (Koch/Mobil TIF District #248 & Ford Site Redevelopment TIF District #322)
  - **Total payments were over \$4.5 million**
  - GO TIF bonds do have the backing of the City to levy property taxes if the pledged tax increments are insufficient
- The **principal balance** following the above payments is **\$2.295 million** (Block 39/Lawson TIF #213, final payment is on 2/1/2027)
  - These bonds additionally pledge net parking revenues from the HRA owned Lawson parking ramp financed with the bond proceeds; sufficient pledged revenues have covered all payments when due without any risk to the City to levy property taxes



# HRA TIF Debt

Principal Balance by Obligation Type





# TIF Districts Decertifying 2026-2033

The table below lists TIF Districts that are decertifying in the period 2026-2033 (final year) for capture years 2027-2034, for districts with over \$1,000,000 of Captured Tax Capacity:

TIF #	TIF Name	Final Year	Projected Released Tax Capacity*
#212	MN Life/Block 4 Redevelopment TIF	2026	\$1,243,617
#213	Block 39/Lawson Redevelopment TIF	2026	\$1,389,977
#225/ 261-265	Riverfront Renaissance Redevelopment TIF	2028	\$3,049,675
#228,266-267	Emerald Park TIF	2028	\$1,214,509
#249	Westminster Redevelopment TIF	2031	\$1,173,262
#282	MN Events Redevelopment TIF	2033	\$5,611,546

\* Based on Pay 2025 Captured Tax Capacity



# Captured Tax Capacity Projections

The table below identifies how the projected captured tax capacity may change with the recently established TIF districts offset by TIF districts expiring; **assuming no changes to the City's overall tax base, other than activity within a TIF district**

Pay Year	Added TIF Tax Capacity	Total Tax Capacity	Decertified Tax Capacity	Total TIF Captured Tax Capacity	Percent Captured
2027	\$3,592,656	\$412,877,874	(\$2,633,594)	\$29,719,146	7.20%
2028	\$942,988	\$413,820,862	(\$636,968)	\$30,025,166	7.26%
2029	\$1,317,755	\$415,138,616	(\$5,341,946)	\$26,000,974	6.26%
2031	\$2,628,199	\$417,766,815	(\$1,190,874)	\$27,438,299	6.57%
2032	\$1,165,983	\$418,932,799	(\$1,818,997)	\$26,785,286	6.39%
2033	\$1,509,805	\$420,442,604	(\$1,283,767)	\$27,011,324	6.42%
2034	\$593,446	\$421,036,049	(\$5,611,546)	\$21,993,223	5.22%



## What TIF looks like in practice

The HRA established the **Post Office/Custom House Redevelopment TIF district (#317)** in 2014 to renovate the vacant historic post office building to include 202 market rate rental apartments, a 149-room hotel and 125,000 sf of commercial space and underground parking.

- The project cost nearly \$85M
- HRA TIF agreement authorized a TIF Pay-As-You-Go Note in the principal amount of \$5.8M.
- Adopted TIF plan included total revenues of \$20M to finance:
  - \$5.8M to reimburse the developer for qualifying renovation costs
  - \$2.985M pooling for affordable housing
  - \$1.99M pooling for qualifying public improvements
  - \$1.99M for administrative costs and
  - \$7.235M for interest expenses



## What TIF looks like in practice

The **project was completed in May 2016** and tax increments were first collected in 2017. **Through Tax Pay Year 2024, the TIF district has generated an estimated \$8.645M in total tax increments** (unaudited, including interest earnings), allocated as follows:

- TIF Note pledges 65% of the tax increments collected to developer:
  - Tax increments are first used to repay interest and then reduce principal
  - **Total payments from tax increments are \$5.57M -**
    - Repayment of **principal of \$4.05M to reimburse TIF eligible costs** enabling the project to be completed and
    - \$1.52M in interest
- \$2.038M for Temporary TIF Spending Authority eligible projects
- \$120,000 on administrative expenditures
- \$950,000 held for pooling for affordable housing

The TIF Note will likely pay off early resulting in the early decertification of the TIF district.



## What TIF looks like in practice

- When tax increments are collected
  - 65% of the tax increments are paid to the developer as pledged in the TIF Note
  - 35% is retained by the HRA and expended in accordance with the adopted TIF Plan and budget (notwithstanding the Temporary TIF Spending Plan authority)
    - TIF Plan and budget authorized the HRA to spend
      - Up to 10% for public improvements within the project area
      - 15% for pooling for qualifying affordable housing projects
      - Up to 10% for administrative expenditures
- Administrative expenditures have totaled \$120,000 which is less than 2%
- Pooling expenditures are reviewed by PED leadership, with affordable housing expenditures authorized by the HRA Board.
- For Pay 2025, expected collection is \$957,000, **resulting in an estimated \$1.2M accumulated for affordable housing expenditures**



# Questions?

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