



Annual TIF District Status Report

City of St. Louis Park

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Why Reinvestment is Important

- Tax base
- Appearance / desirability (your brand)
- Housing Diversification
- Development of public infrastructure
- Stability (public safety)
- Sustainability
- Extends to success in other areas (i.e. private investment)

Why Use TIF

- **Further your Strategic Priorities**

1. Being a leader in racial equity and inclusion to create a more just and inclusive community for all
 - Provides equal access to new, quality housing
 - All developments receiving TIF assistance will be required to meet pending Diversity, Equity & Inclusion Policy
2. Providing a broad range of housing and neighborhood-oriented development
3. Continue to lead in environmental stewardship
 - All developments receiving TIF must meet the City's Green Building Policy requirements
 - TIF assisted projects meet various sustainability objectives
 - ✓ Solar, renewable energy, waste reduction, etc.
4. Providing a variety of options for people to make their way around the city comfortably, safely and reliably
 - TIF assisted developments around SWLRT
 - Required trail/sidewalk connections
 - TIF used to pay for numerous infrastructure improvements to trails, roads, bridges, etc.
5. Creating opportunities to build social capital through community engagement
 - Most projects have public elements for gathering
 - Plazas and community rooms
 - Police substations at West End and Excelsior and Grand

Why Consider Providing Assistance?

Fill a
Financing
Gap

Encourage development that normally wouldn't occur without assistance (“but for”)

Remove barriers preventing private market from developing in accordance with City vision



Complex land assembly



Contaminated land and/or blighted buildings



High infrastructure costs and/or development fees



Affordable housing and/or sustainability requirements



City Vision incompatible with market

Funding Tools For Redevelopment

Tax increment
financing (TIF)

Tax
abatement

Grants

Deferred
loans

Local fee
waivers

EDA
Development
Fund

Affordable
Housing Trust
Fund

Public land
contributions,
write-downs

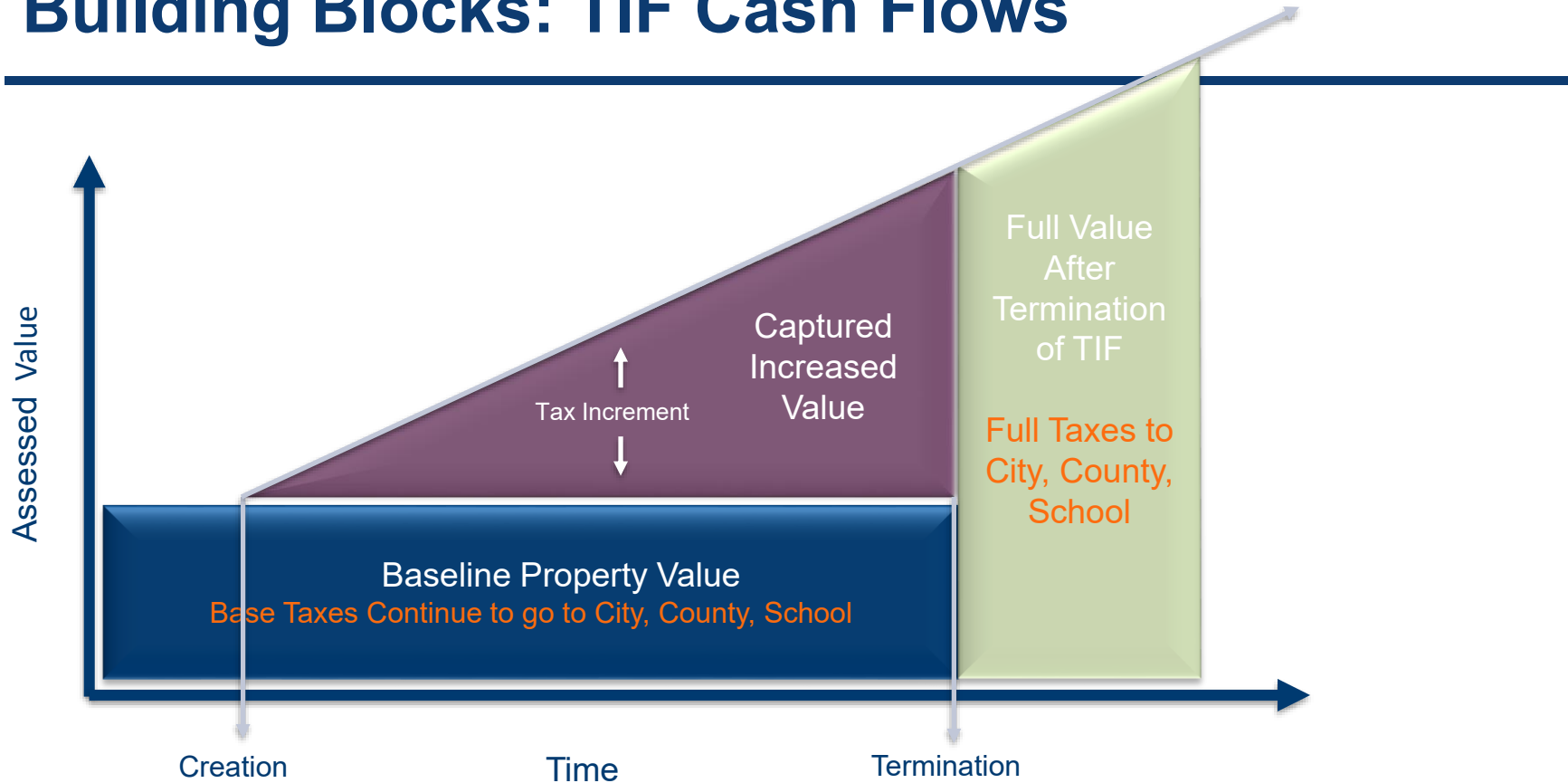
What is Tax Increment Financing (TIF)?

The background of the slide is a photograph of the Minnesota State Capitol building in St. Paul, Minnesota, taken at dusk. The building's iconic dome is illuminated with warm lights, and the sky is a deep, clear blue. The foreground shows a well-maintained green lawn with a paved walkway leading towards the building.

Minnesota Statutes
469.174-469.1794

The ability to capture most of the **increase** in local property tax revenues generated from a **new development** (within a defined geographic area for a defined period of time) to help pay for a portion of the public redevelopment costs associated with the new development.

Building Blocks: TIF Cash Flows



Texa Tonka

Total Tax Capacity = 308,215



Development Increases

Original Tax Capacity = 26,800



Original Tax Revenues

Building Blocks of TIF

New Total Tax Capacity = 308,215

- Original Tax Capacity = 26,800

“Captured” Tax Capacity (increase) = 281,415

x Tax Rate = 117.845%

Annual TIF = **331,634**

Building Blocks: TIF

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	400,719
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(37,503)
less Base Value Taxes	(31,582)
Annual Gross TIF	331,634
Less OSA Fee	(1,194)
Less EDA Admin Fee	(33,044)
Net TIF Available to Develop	297,396

Developer receives **\$.74** for every tax dollar paid

Redevelopment or Renovation & Renewal TIF

Term: **16** to **26**
years

Goal: Clean-up
blighted sites &
remove
substandard
buildings

Requirements:
Coverage &
blighted buildings



Excelsior and Grand



Elmwood Village



West End

Housing TIF

Term: **26** years

Goal: Create rental or owner-occupied housing for persons who qualify as low- to moderate income

Requirements:
Renters / owners must meet income requirements



Aquila Commons



Texa Tonka



Rise on 7

Use of TIF

Land

- Acquisition
- Remediation
- Demolition

Site Improvements

- Grading/Excavation
- Footings / Foundations
- Storm water ponding
- Underground or surface parking
- Roads, sidewalks, curb, gutter

Affordable Housing

- Construction

But For Test

1. Increase in market value (Texa Tonka)

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	2,144,000
New Market Value - Est.	27,430,000
Difference	25,286,000
Present Value of Tax Increment	5,052,813
Difference	20,233,187
Value likely to occur without Tax Increment is less than:	20,233,187

2. Reasonable foreseeable future

- ✓ History of site
- ✓ Site specific issues (extraordinary costs, several proposals all asking for TIF, etc.)
- ✓ Requirements of City (affordable housing, green building policy, sustainability measures, etc.)
- ✓ Financial feasibility

3. Proforma review

- ✓ Not required by Statute but good policy to help determine #2

But For Test

- **Texa Tonka**
 - ✓ Requested \$3.380M
 - ✓ Received \$2.6M in TIF over 12 years

Extraordinary Costs			
Project Cost	Amount	% of Cost	Per Unit
Demolition	\$ 40,000	0.2%	
Debris Removal	\$ 590,000	2.2%	
Soil Remediation	\$ 650,000	2.5%	
Solar	\$ 75,000	0.3%	
TOTAL	\$1,355,000	5.2%	\$ 12,098

Affordability Costs					
25 Years				Term of Assistance	Affordability Write Down
Units	Total	Per Unit	Per Year		
23	\$2,957,702	\$ 128,596	\$ 5,144	12	\$ 1,245,000

Tax Abatement – TIF “Lite”

More flexible than tax increment & simpler to establish... but requires approval from each participating taxing jurisdiction

Shorter term and less dollars since typically only city taxes abated

Tax Abatement Limitations

- Term: up to 20 years
 - ✓ Capped at 15 years if City, County and School participate
- An entity's annual abatements may not exceed greater of:
 - ✓ 10% of Net Tax Capacity - OR -
 - ✓ \$200,000
- Parcels may not be in a TIF District simultaneously
- Consent of property owner not required



Tax Abatement is in the Public Interest

Statutory Finding: Proposed abatement will...

Increase or
preserve tax
base

Provide
employment
opportunities

Help acquire or
construct
public facilities

Redevelop or
renew blighted
areas

Provide access
to services

Provide public
infrastructure

Stabilize tax
base

TIF vs. Abatement

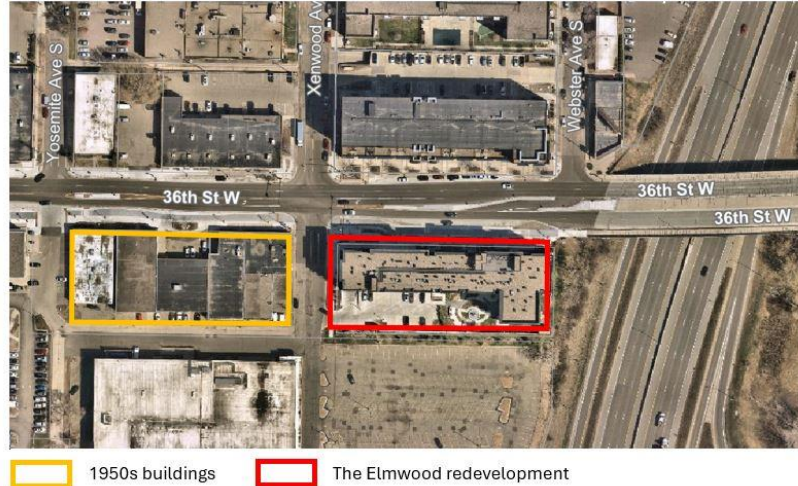
Purpose	Assistance	Max Term
Substandard or Obsolete Buildings	Redevelopment TIF Renovation & Renewal TIF Tax Abatement	26 16 8-20
Affordable Housing	Housing TIF Tax Abatement	26 8-20
Job & Tax Base Creation	Econ. Dev. – TIF Tax Abatement	9 8-20
Business Retention	Tax Abatement	8-20
Public Facilities & Parks	Tax Abatement	8-20

Trade Offs of Using TIF or Tax Abatement

- **Pros**
 - ✓ Greater control of development
 - ✓ Limited risk to the city
 - ✓ Advances strategic priorities
- **Cons**
 - ✓ Captures taxes on increased market value for a period of time

Example TIF Impact on Tax Base

Comparable city blocks: status quo vs redevelopment



Property	Zoning 2016	Zoning 2023	Sq Ft	Market Value 2017	Market Value 2024	Market Value Increase \$	Market Value Increase %
5727 36th St W	IP	MX1	9,238	\$ 574,000	\$ 979,000	\$ 405,000	70.56%
5721 36th St W	IP	MX1	19,460	\$ 612,000	\$ 1,308,000	\$ 696,000	113.73%
5701 36th St W	IP	MX1	17,500	\$ 721,000	\$ 1,413,000	\$ 692,000	95.98%
Total block			46,198	\$ 1,907,000	\$ 3,700,000	\$ 1,793,000	94.02%
5605 36th St W	IP	PUD	43,105	\$ 1,366,000	\$ 17,824,000	\$ 16,458,000	1204.83%
Difference			-3,093	\$(541,000)	\$ 14,124,000	\$ 14,665,000	1110.81%

Insights

1. Return on investment (ROI) has been high and assisted in meeting other City strategic priorities
2. Several districts are decertifying over the next few years which will provide the City additional tax capacity
3. Special legislation for pooling to AHTF through 2026 will provide additional funding
4. City has balanced using TIF as a tool

1. ROI - TIF Investment and Outcomes

- Created **31** TIF Districts since **1972**
- **20** active today



6 Housing Districts



12 Redevelopment Districts



2 Renovation & Renewal Districts

Transformational Developments



Hotels



Affordable Housing



Cleanup of Contaminated Land








Infrastructure

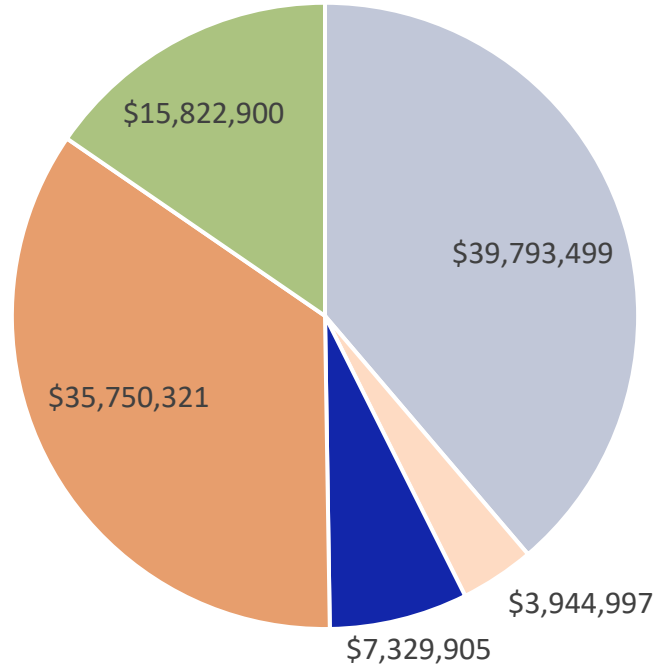
- ✓ Wooddale Avenue bridge expansion over Hwy 7
- ✓ 36th and Wooddale Street and infrastructure improvements
- ✓ Projects related to SWLRT
- ✓ New future stoplight at Park Glen Road and Beltline Blvd



1. ROI - TIF Investment and Outcomes

	Use	Total Units or Sq. Ft.	Market Rate	Affordable	% Affordable	TIF Investment
	Residential	5,230 units	4,448	782	15%	\$105,630,622
	Commercial	566,654 sq. ft.	N/A	N/A	N/A	
	Office	94,500 sq. ft.				
	Industrial	201,100 sq. ft.				
	Hotel	488 units				

1. ROI - TIF Investment and Outcomes



■ Transformational ■ Hotels ■ Contamination ■ Affordable Housing ■ Redevelopment

1. ROI - Increase in Tax Base

- **\$1.190 billion** in value on fully developed districts
- **1, 129%** increase in market value overall

District	County District Number	Original Market Value	Pay 2024 Taxable Market Value	Percent Increase in Value
Zarthan	1305 and 1306	4,053,600	50,112,206	1136.24%
Mill City	1307	708,700	44,545,000	6185.45%
Park Commons	1308	4,618,000	238,478,726	5064.11%
Wolfe Lake	1310	1,717,300	16,531,000	862.62%
Aquila	1311	1,900,000	22,339,635	1075.77%
Elmwood	1312	10,864,500	198,764,998	1729.49%
Highway 7 Business Center	1313	2,792,700	10,894,000	290.09%
West End	1314	43,051,000	384,145,300	792.30%
4900 Excelsior	1321	2,404,000	54,084,000	2149.75%
Elmwood Apartments	1323	1,100,000	17,175,000	1461.36%
Wooddale Station	1324	5,811,900	39,060,000	572.07%
Bridgewater Bank	1325	3,772,400	20,951,000	455.38%
Parkway Residences	1326	3,006,600	25,650,000	853.12%
Texa Tonka	1327	2,114,000	21,136,000	899.81%
9920 Wayzata Blvd	1328	3,565,000	14,562,500	308.49%
Beltline Residences	1329	5,423,000	32,180,700	493.41%
TOTAL		96,902,700	1,190,610,065	1128.67%
Rise on 7 (Partial Value)	1331	2,735,000	5,265,000	92.50%
Wooddale Ave Apts (REE) (Partial Value)	1330	2,616,000	4,987,500	0.00%
Beltline Station 1	TBD	1,833,180	1,833,180	0.00%
Beltline Station 2	TBD	7,240,090	7,240,090	0.00%

2. Decertifying Districts - Potential Additional Tax Dollars After Decertification

TIF District	Obligation(s) Paid In Full	Decertifies Dec. 31	2026	Next 5	Next 10
			TOTAL	TOTAL	TOTAL
*4900 Excelsior	2024	2026	649,402	649,402	649,402
*Zarthan	2022	2026	498,940	498,940	498,940
*Mill City	2023	2026	547,954	547,954	547,954
*Wolfe Lake	2020	2026	195,506	195,506	195,506
*Park Commons	2027	2027	-	2,745,979	2,745,979
Highway 7 Corporate Center	2027	2027	-	162,027	162,027
Elmwood Village	2029	2029	-	2,139,092	2,139,092
Bridgewater Bank	2029	2029	-	227,871	227,871
Aquila Commons	2018	2032	-	-	206,481
Total Annual Captured Net Tax Capacity Returned to Tax Rolls			1,891,802	7,166,771	7,373,252

City Tax Rate for Taxes Payable in 2024 ⁽¹⁾

44.181%

Estimated Additional Annual Tax Levy Available ⁽¹⁾

\$ 835,817

\$ 3,166,351

\$ 3,257,576

(1) - Assumptions:

- Calculates additional dollars the City could levy and still maintain the same tax rate as Pay 2024.
- Assumes no change in existing tax base from prior year
- Assumes no change in the Fiscal Disparities Distribution Dollars from Pay 2024

3. Special Legislation- \$ to AHTF

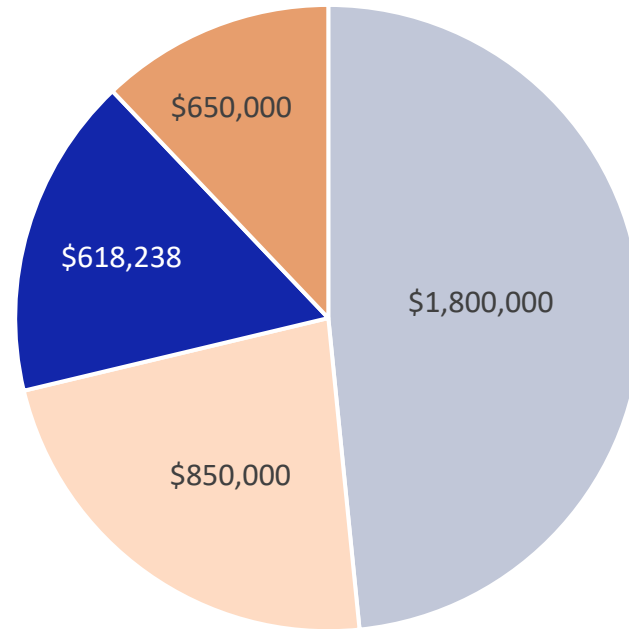
- 9 redevelopment districts and 2 housing districts provide(d) funding to AHTF

Gray Shaded Areas Depict TIF District That Have Been Modified to Allow For Additional 10% - Green Shaded Area Are Hsg TIF Districts

Year	Wolfe Lake Redev	Zarthan Redev	Mill City Redev	Ellipse Redev	Eliot Park Redev	Shoreham Redev	West End Redev	4900 Excelsior Redev	Park Comm Redev	Park Center Hsg	Aquila Hsg	Yearly Total	Cumulative
2020				170,000								170,000	170,000
2021	109,421			492,066	163,361	146,387				460,787	583,962	1,955,984	2,125,984
2022				353,562	135,627	542,960				184,410		1,216,559	3,342,543
2023	125,000	495,000	630,000	279,809	2,620					177,667	210,940	1,921,036	5,263,579
2024	275,000	500,000	630,000					450,000			230,799	2,085,799	7,349,379
2025	250,000	500,000	630,000				200,000	700,000			230,799	2,510,799	9,860,178
2026	200,000	650,000	630,000	-	-	-	200,000	450,000	-		230,799	2,360,799	12,220,978
2027	-	-	-	-	-	-			2,400,000		230,799	2,630,799	14,851,777
2028	-	-	-	-	-	-			1,346,370		230,799	1,577,169	16,428,947
2029	-	-	-	-	-	-					230,799	230,799	16,659,746
2030	-	-	-	-	-	-					230,799	230,799	16,890,546
2031	-	-	-	-	-	-					230,799	230,799	17,121,345
2032	-	-	-	-	-	-					230,799	230,799	17,352,145
2033	-	-	-	-	-	-					-	-	17,352,145
2034	-	-	-	-	-	-					-	-	17,352,145
2035	-	-	-	-	-	-					-	-	17,352,145
2036	-	-	-	-	-	-	26,650,435				-	26,650,435	44,002,580
TOTAL	959,421	2,145,000	2,520,000	1,295,437	301,608	689,347	27,050,435	1,600,000	3,746,370	822,864	2,872,098	44,002,580	

3. Special Legislation – TIF For AHTF

- **\$7.349M** through 2024
- **4** new developments = **\$3.918M**
✓ **376** Units
- Remaining balance = **\$2.81M**



4. City has balanced using TIF as a tool – Tax Capacity

- Tax capacity in general
 - ✓ Out of **45** cities in Hennepin County, City has the **9th** highest tax capacity

City	Population	Tax Capacity
Minneapolis	425,336	728,117,601
Plymouth	79,828	194,370,888
Bloomington	89,298	189,503,289
Edina	52,437	185,773,490
Eden Prairie	63,161	154,108,714
Maple Grove	70,726	151,732,484
Minnetonka	52,554	141,942,115
Brooklyn Park	84,526	116,849,251
St. Louis Park	48,827	93,893,420

4. City has balanced using TIF as a tool – Captured Tax Capacity

- **11.3%** of tax capacity captured in TIF
 - ✓ Fluctuate between **8.0%** and **12.2%** over next five years as districts come on and decertify

District	Actual					Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Captured TIF Tax Capacity	10,875,524	11,817,305	12,614,033	13,809,130	13,663,062	14,879,061	14,364,861	13,021,869	10,127,642	10,228,918
Total Tax Capacity (Gross)	96,057,628	102,157,645	106,119,396	116,626,650	120,912,490	122,121,615	123,342,831	124,576,259	125,822,022	127,080,242
Percentage of Tax Base in	11.3%	11.6%	11.9%	11.8%	11.3%	12.2%	11.6%	10.5%	8.0%	8.0%

4. City has balanced using TIF as a tool – Captured Tax Capacity

- Higher than most comparable cities based upon
 - ✓ Immediately adjacent
 - ✓ First ring suburb
 - ✓ Similar size/population
 - ✓ Similar economic characteristics

Comparable City	Population	Captured TIF as a % of Tax Base	City Tax Rate	Bond Rating
Edina	52,437	1.6%	28.412%	Aaa/AAA
Minnetonka	52,554	2.3%	34.513%	Aaa
New Brighton	22,413	9.4%	41.673%	AA
Fridley	30,289	13.7%	42.541%	Aa2
St. Louis Park	48,827	11.3%	44.181%	AAA
Robbinsdale	14,210	10.6%	47.935%	AA+
Richfield	36,710	10.9%	52.248%	Aa2
Golden Valley	21,545	2.0%	54.205%	Aa1
Hopkins	18,269	8.6%	59.984%	AA+

4. City has balanced using TIF as a tool – Market Value

- Market value has nearly doubled over last 10 years

Tax Year Payable	City of St Louis Park	
	Taxable Market Value	Percent Change From Prior Year
2024	9,650,904,194	3.45%
2023	9,329,350,550	10.68%
2022	8,428,814,718	4.57%
2021	8,060,720,233	5.79%
2020	7,619,717,196	8.27%
2019	7,037,442,189	8.50%
2018	6,486,028,398	5.65%
2017	6,138,955,694	8.47%
2016	5,659,666,031	7.95%
2015	5,242,685,184	6.68%
2014	4,914,404,312	0.48%
% Change from 2014-2024	96.38%	

Let's Talk!

