



2024 LEGISLATIVE REQUEST

Modification of typical TIF provisions to extend the 5-year rule and extend the termination date of the 70th and France Renewal TIF District (#1221)

PURPOSE AND BACKGROUND

Special legislation is requested to provide more time for private developers to invest over \$200 million into new commercial and multi-family residential buildings in Edina (District 50A).

On March 22, 2022 the City and HRA established a new 15-year TIF Renewal District (in accordance with MN Statute Sections 469.001 to 469.047 and 469.174 to 469.1794) to spur private investment of an outdated commercial property. Hennepin County assigned #1221 to this new 70th & France TIF District.

The new project is being co-developed by Edina-based Orion Investments and Minneapolis-based Mortenson Development.

Plans to redevelop the 5.8 acre parcel received City zoning approvals in 2022. Upon completion, the large site will be split into four blocks with new roads, sidewalks, bicycle facilities and public plazas. Each of the four blocks will be developed with modern buildings that contribute to the local economy and tax base.

The anticipated projects include a new bank (completed in 2023), new office/retail building (pending), new apartment building (pending) and new shared parking garage (pending). Based on original projections, successful pre-leasing and economic conditions, the developer expected to break ground in summer 2023 with properties coming online sequentially.

- Five Year Rule Deadline: currently 2027; seeking 2032
- First TIF Collection: currently 2026; seeking up to 2031
- Final TIF Collection: currently 2041; seeking up to 2056

With the rapid rise in interest rates and stagnation of the capital investment markets in 2023 and 2024, the groundbreaking is delayed 1-2 years. This market-driven delay may impair the ability of the TIF District to achieve its goal. This in turn is anticipated to negatively impact the ability of the developer to secure private financing to initiate further construction on the site.

BENEFITS DERIVED BY PROJECT

Upon completion, the project will deliver many benefits to the community, including:

- Increase property tax base
- Replace two blighted and out dated commercial buildings
- Create new jobs and new housing options
- Create new transportation route for drivers and pedestrians to relieve traffic from France Avenue
- Create new public infrastructure, include public plazas, bicycle station and public parking

The City agreed to use TIF to partially reimburse the developer for the cost of the infrastructure that are consistent with approved construction plans and provide long-term benefit to the community.

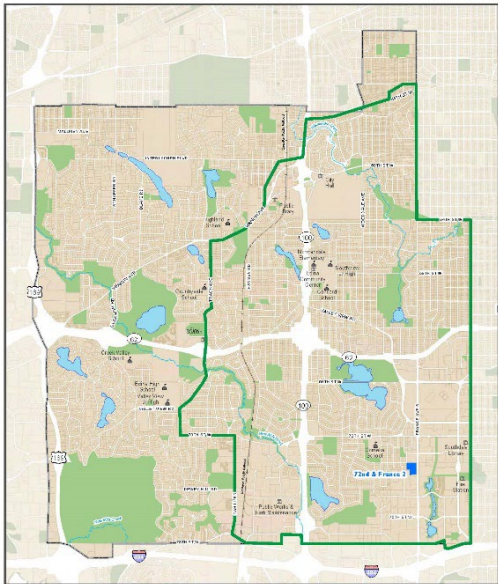
CITY OF EDINA

4801 West 50th Street • Edina, Minnesota 55424
EdinaMN.gov • 952-927-8861

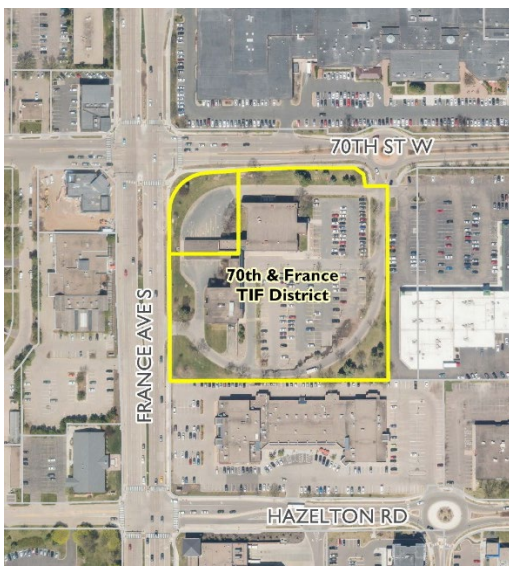
SUGGESTED LANGUAGE

- 1) Extend the traditional TIF 5-year rule to 10-years to allow the private lending sector to return to “normal”. And allow the first and last year of TIF collection to be postponed accordingly. All subject to approval of Edina City Council.
- 2) Extend the 15-year term of the 70th & France District to a maximum of 25-years to address escalating construction costs; subject to approval of Edina City Council.

LOCATION



70th & France TIF District
Southeast Edina Redevelopment Project Area



ANTICIPATED DEVELOPMENT

