



2024 LEGISLATIVE REQUEST

Modification of typical TIF provisions to extend the 5-year rule and extend the termination date of the 72nd & France 2 Redevelopment TIF District

PURPOSE AND BACKGROUND

Special legislation is requested to provide more time for private developers to invest over \$150 million into new commercial and multi-family residential buildings in Edina (District 50A).

On April 18, 2023 the City and HRA established a new 25-year TIF Redevelopment 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(in accordance with MN Statute Sections 469.001 to 469.047 and 469.174 to 469.1794) to spur private investment of an outdated commercial property.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 has not yet assigned a TIF ID # to this new 72nd & France 2 TIF District.

The new project is being developed by Edina-based Orion Investments.

Plans to redevelop the 5.2 acre parcel received City zoning approvals in 2023. Upon completion, the large site will be split into three blocks with new roads, sidewalks, stormwater facility and public plazas. The two largest blocks will be developed with modern buildings that contribute to the local economy and tax base.

The anticipated projects include a new office building and a new hotel or multi-family building. 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 2028; seeking 2033
- First TIF Collection: currently 2026; seeking up to 2031
- Final TIF Collection: currently 2051; seeking up to 2061

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 construction on the site.

BENEFITS DERIVED BY PROJECT

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

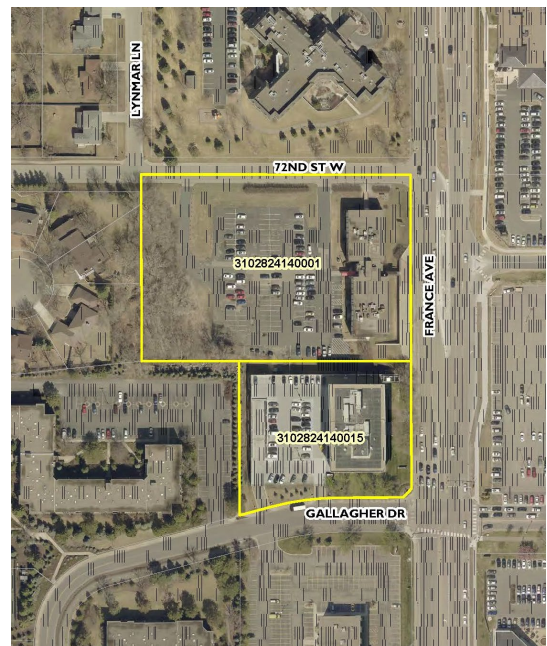
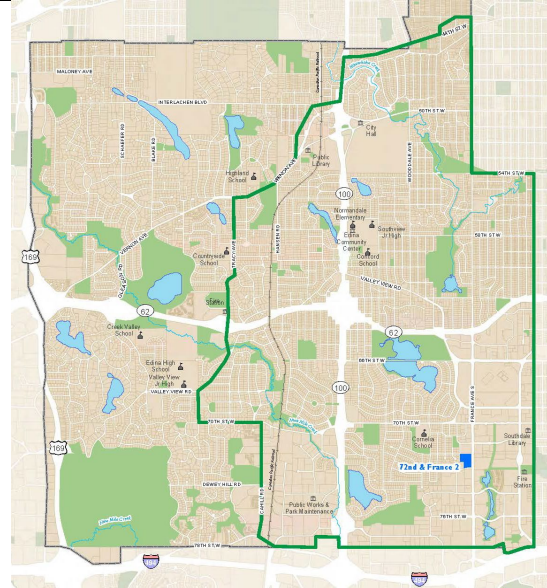
- Increase property tax base
- Replace two blighted and out dated commercial buildings
- Create new jobs and new lodging or housing choices
- Create new transportation route for drivers and pedestrians to relieve traffic from France Avenue
- Create new public infrastructure include stormwater improvements and public plaza

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.

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 25-year term of the 72nd & France 2 District to a maximum of 30-years to address escalating construction costs; subject to approval of Edina City Council.

LOCATION



ANTICIPATED DEVELOPMENT

