

Legislative Summary Report 2024



January 18, 2024

Senator Bill Weber
Taxes Committee Ranking Minority Member
2211 Minnesota Senate Bldg.
St. Paul, MN 55155

Dear Senator Weber,

In 2021, the State Legislature approved First Special Session 2021, Chapter 14, Article 9, Section 5 for the temporary transfer of accumulated tax increment for housing development purposes, to assist with funding affordable housing projects in St. Louis Park, Minnetonka, and Richfield. The legislation requires a report be provided by February 1, 2024, and February 1, 2026 detailing each housing project financed with transferred increment. St. Louis Park's February 1, 2024 detailed report is attached to this letter.

The City of St. Louis Park prioritizes the preservation and construction of affordable housing and has adopted an Inclusionary Housing Policy to drive the creation of affordable units and has established an Affordable Housing Trust Fund to provide a source of funds to facilitate the housing needs of low- and moderate-income individuals and families.

The City has utilized the 2021 Special Legislation to transfer certain tax increment into its Affordable Housing Trust Fund to help fund the creation of new affordable units within the City. To date the City has allocated \$3,918,238 of accumulated tax increment to four separate developments to fund 376 affordable units, including 45 deeply affordable units at 30% area median income.

Income Limit	Number of affordable units
30% AMI	45
40% AMI	22
50% AMI	53
60% AMI	256
Total	376 units

The special legislative funding has provided the gap financing needed to bring these four developments to fruition. Affordable housing is always difficult to finance, though it has been particularly difficult during the last two years due to rising interest rates, supply chain issues, and inflation. In all cases to date, the funding has been provided via long-term, low-interest loans. In several cases, the funding was provided upfront at the time of financial closing, which lowered the total development costs of the projects, and closed the remaining financial gaps.

Without these funds, these affordable housing developments would not have been able to move forward. Per the city's Inclusionary Housing Policy, the newly created affordable units will be affordable for a minimum of 26 years. In addition to the detailed report, attached is a summary of the four projects that will benefit by utilizing the accumulated tax increment.

The City of St. Louis Park is highly supportive and appreciative of the ability to utilize certain tax increment to support the creation of affordable housing in our community.

I am available by phone at 925.924.2684 or by email at kbarton@stlouisparkmn.gov if you have any questions or comments.

Sincerely,



Karen Barton
Community Development Director
City of St. Louis Park

Rise on 7

CommonBond Communities received \$1.8 million as a loan from the City's Affordable Housing Trust Fund to redevelop the former Prince of Peace church property into a four-story, all affordable apartment building at 8115 Highway 7. Income restrictions range between 30%-60% AMI including 19 units at 30% AMI. The Rise on 7 development includes a 6,600 square foot affordable daycare, with some spaces reserved specifically for residents of the apartment building. The building and daycare started construction in August 2022 and opened in November 2023. The units at Rise on 7 will be affordable for a minimum of 26 years.



Rendering of Rise on 7

Arbor Court

Under construction is Real Estate Equities' Arbor Court, which is a 114-unit, all-affordable workforce housing development. The development is constructed on the site of the former Aldersgate Church and is located at 3801 Wooddale Avenue South. Arbor Court will receive \$850,000 as a loan from the City's Affordable Housing Trust Fund once construction is complete in February 2024. The accumulated tax increment is helping to provide deeper affordability within the development, including five units at 50% AMI and five units at 30% AMI with the remainder of the units at 60% AMI. The development is located within blocks of the Greenline Extension Wooddale Avenue Light Rail Station. The units will be affordable for 26 years.



Rendering of Arbor Court

Union Park Flats

Project for Pride in Living received \$650,000 as a loan from the City's Affordable Housing Trust Fund to construct Union Park Flats. The development is located on property previously owned by the Union Congregational Church, and is a three-story, 60-unit all affordable building designed predominantly for families. Rents will range from 30% AMI to 60% AMI, including 16-units affordable at 30% AMI. The development includes thirty 2-bedroom units, ten 3-bedroom units, and five 4-bedroom units and is located near the Greenline Extension Wooddale Avenue Light Rail Station. The units at Union Park Flats will be affordable for 26 years.



Rendering of Union Park Flats

Beltline Station Development

The city has allocated \$618,238 as a loan from the City's Affordable Housing Trust Fund toward Sherman Associates' all-affordable building, that is being constructed as part of a larger development project immediately north of the Greenline Extension Beltline Boulevard light rail station. The all-affordable building will include 82 residential units including five units affordable at 30% AMI, and 77 units affordable at 60% AMI. The funds will be provided via a long-term loan to the developer once construction of the building is complete. The units at the Beltline Station Development will be affordable for 40 years.



Rendering of Beltline Station Development's all-affordable building (in yellow)

City of St. Louis Park

Legislative Report - TIF Transfers to Housing Trust Fund

Project Name	Developer	Year Construction Commenced	Year of Certificate of Completion	Required Reporting	X	X	X	X	Term of affordability	X	Transferred TIF Trust Fund Dollars Allocated	Other Public Dollars Allocated	
				No. of Units	No. of Affordable Units	% Affordable Units	Income Limit	Rent Limit		Total Development Costs			
Rise on 7	CommonBond Communities	2022		120	19	16%	30%	30%	26 Years	\$ 40,700,000	\$ 1,800,000	\$ 1,430,000.00	Met Council LCDA/TOD
					22	18%	40%	40%				\$ 251,695.00	Hennepin County ERF
					21	18%	50%	50%				\$ 950,000.00	Hennepin County AHIA
					58	48%	60%	60%				\$ 950,000.00	Met Council LHIA
						0%	80%	80%				\$ 700,000.00	Hennepin County ARPA
					TOTAL	120	120	100%				N/A	N/A
											\$ -	\$ 4,281,695.00	
Arbor Court	Real Estate Equities	2022 *Funds will be provided when construction is complete in Feb 2024.		114	5	4%	30%	30%	26 Years	\$ 30,100,000	\$ 850,000	\$ 940,000.00	Tax Increment Financing
					5	4%	50%	50%				\$ 184,300.00	Met Council TBRA
					104	91%	60%	60%				\$ 184,325.00	Hennepin County ERF
						0%	80%	80%					
					TOTAL	114	114	100%				N/A	N/A
											\$ -	\$ 1,308,625.00	
Beltline Station Affordable	Sherman Associates	*Funds committed, construction anticipated 2024		82	5	6%	30%	30%	26 Years	\$ 25,000,000	\$ 618,238	\$ 1,442,847.00	Tax Increment Financing
						0%	50%	50%				\$ 24,941.00	Met Council TBRA
					77	94%	60%	60%				\$ 418,547.00	DEED
						0%	80%	80%					
TOTAL	82	82	100%	N/A	N/A								
											\$ -	\$ 1,886,335.00	
Union Park Flats	Project for Pride in Living	2023		60	16	27%	30%	30%	26 Years	\$ 28,900,000	\$ 650,000	\$ 761,000.00	Hennepin County
					27	45%	50%	50%				\$ 1,900,000.00	Met Council LCDA
					17	28%	60%	60%				\$ 236,800.00	Met Council TBRA
						0%	80%	80%				\$ 177,000.00	Hennepin County ERF
					TOTAL	60	60	100%				N/A	N/A
											\$ -	\$ 4,074,800.00	
TOTAL				376	376					\$ 124,700,000	\$ 3,918,238	\$ 11,551,455.00	