

## 2021 Special Legislation – City of Richfield

### Temporary Transfer of Tax Increment for Affordable Housing

In 2021, the Legislature approved special legislation that allowed the cities of Minnetonka, Richfield, and St. Louis Park to transfer tax increment accumulated for housing development purposes to the cities' affordable housing trust funds (*Laws of Minnesota, 2021, First Special Session, Chapter 14, Article 9, Section 5*). The transferred increment could be used to make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing or to match other funds from federal, state, or private resources for housing projects.

The Legislature requested that each city submit a report to the Legislature's Tax Committees by February 1, 2024, and February 1, 2026.

### Report to the Legislature

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Since the legislation was passed, the City of Richfield has transferred a total of \$2,050,000 in pooled tax increment to its Affordable Housing Trust Fund. The funds have been committed and spent on affordable homeownership, affordable rental housing, and the preservation and rehabilitation of Naturally Occurring Affordable Housing (NOAH).

Year	Transferred	Committed	Spent	Activity
2022	\$750,000	\$200,000*		Grant/new construction
2023		\$500,000		Grant/new construction
2024			\$80,000	Grant/purchase-rehab
2025	\$1,300,000		\$1,740,000	Grant/Deferred Loan/purchase-rehab
<b>TOTAL</b>	<b>\$2,050,000</b>	<b>\$700,000</b>	<b>\$1,820,000</b>	

\*Development didn't receive a federal tax credit award, so won't be moving forward.

Use	# of Units	Amount Committed	Amount Spent
New Construction - Rental Housing	93	\$700,000	
Affordable Homeownership Preservation and rehabilitation (land trust)	4		\$250,000
NOAH Preservation and Rehabilitation	236		\$1,570,000
<b>TOTAL</b>	<b>333</b>	<b>\$700,000</b>	<b>\$1,820,000</b>

# Projects Supported with Pooled Tax Increment

## ***NOAH Preservation: New Orleans Court, Richland Court, Winton House***



Three Richfield naturally occurring affordable apartment complexes were listed for sale at the end of 2024. Hempel Companies put forward a winning bid to purchase the complexes, rehabilitate them, and maintain their affordability. The Richfield HRA committed \$1.77 million in financial assistance (\$1.57 million in pooled increment) and supported a 4(d)(1) tax rate to fill the gap.

The project preserves 236 units of affordable housing, including 24 three-bedroom units and housing for 48 rental assistance recipients, and will invest over \$7 million in maintenance and improvements to the properties.

# of Units	Affordability Provided	Total Development Cost	Affordability Term	Required Affordability
236	212 units @ 60% AMI 24 units @ 70% AMI	Acquisition: \$26.5 million  Rehab: \$7.3million	15 years	4d tax rate 60% AMI  NOAH Impact Fund 60%/70% AMI

*Developer: Hempel Companies*

## ***Homes Within Reach***



The Richfield HRA has been partnering with the West Hennepin Affordable Housing Land Trust (WHAHLT) and its Homes Within Reach program for over 20 years to build, rehabilitate, and sell homes to families through the land trust model.

The HRA provided \$250,000 in special legislation funding to WHAHLT to create and preserve long-term affordable homeownership for four homes.

# of Units	Affordability Provided	Total Development Cost	Affordability Term	Required Affordability
4	80% AMI	\$1.87 million	99 years	Richfield New Home Program 80% AMI

### ***Aster Commons***



MSRDesign



MSRDesign

Aster Commons will provide 38 units of supportive rental housing to young adults with neuro-diverse conditions on land adjacent to a new D-line transit station at 66<sup>th</sup> Street and Portland Avenue. All units will be affordable at 30% of the Area Median Income.

The HRA is contributing a \$500,000 grant from special legislation funds along with a land write-down. The strong local commitment reduces the gap and helps the project to compete for LIHTC financing.

# of Units	Affordability Provided	Total Development Cost	Affordability Term	Required Affordability
38	38 units @ 30% AMI	\$15.6 million	40 years	LIHTC 60% AMI

*Developer: Beacon Interfaith Housing Collaborative*

**\*Richfield Flats**

The Richfield Flats development (reported on in the 2024 report) proposed 55 units of work force housing, and the HRA committed \$200,000 in special legislation funds toward energy-efficiency improvements. The project did not receive a federal tax credit award; however, and given the competitiveness for awards, the developer chose not to continue the project.



**Questions:**

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