

Chris Steller

From: Karen Barton <KBarton@stlouisparkmn.gov>
Sent: Thursday, January 29, 2026 11:49 AM
To: reports
Cc: Mitch Berggren; Sam Moyer; Pat McQuillan
Subject: Re: First Special Session 2021, Chapter 14, Article 9, Section 5 Legislative Report
Attachments: Legislative Report - TIF Transfers to Housing Trust Fund - SLP 2026.pdf; Legislative summary 2026.pdf

Mr. Steller,

In 2021, the State Legislature approved First Special Session 2021, Chapter 14, Article 9, Section 5, authorizing 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 that reports be submitted by February 1, 2024, and February 1, 2026, detailing each housing project financed with the transferred increment. The City of St. Louis Park's February 1, 2026 report and summary are attached.

The City of St. Louis Park prioritizes the preservation and construction of affordable housing. To advance this goal, the City has adopted an Inclusionary Housing Policy to drive the creation of affordable units and has established an Affordable Housing Trust Fund to provide financial support for the housing needs of low- and moderate-income individuals and families.

Pursuant to the 2021 special legislation, the City has transferred over \$10 million in accumulated tax increment into its Affordable Housing Trust Fund to support the creation of new affordable housing units. To date, the City has allocated \$7,493,000 of accumulated tax increment to seven developments, leveraging nearly \$222 million in total development investment. These funds have supported the creation of 487 affordable housing units, including 71 deeply affordable units at 30 percent of area median income (AMI), as well as eight affordable homeownership opportunities.

The distribution of affordable units by income level is as follows:

| Income Limit | Number of affordable units |
|---------------------|-----------------------------------|
| 30% AMI | 71 |
| 40% AMI | 22 |
| 50% AMI | 141 |
| 60% AMI | 253 |
| Total | 487 units |

The special legislative funding has provided critical gap financing needed to bring these seven developments to completion. While affordable housing is always challenging to finance, market conditions over the past five years, including rising interest rates, supply chain disruptions, and inflation have made development particularly difficult. In all cases, the City's funding has been structured as long-term, low-interest loans. In several instances, funds were provided at financial closing, reducing total development costs and closing

remaining funding gaps. Without this assistance, these projects would not have moved forward. Consistent with the City's Inclusionary Housing Policy, the affordable rental units will remain affordable for a minimum of 26 years, and the eight affordable homeownership opportunities will remain affordable in perpetuity. In addition to the detailed report, a summary of the seven developments supported by the transferred tax increment is attached.

The City has also used resources from the Affordable Housing Trust Fund, supported in part by the special legislation and in part by other City funding sources, including an HRA levy, to expand additional housing programs in St. Louis Park. These include first-time homebuyer down payment assistance, first-generation homebuyer down payment assistance, and emergency rental assistance. Details on these programs are included in the attached report.

The City of St. Louis Park is highly appreciative of the Legislature's authorization to use accumulated tax increment to support the creation and preservation of affordable housing in our community.

Please feel free to contact me at 925.924.2684 or via email at kbarton@stlouisparkmn.gov if you have any questions or would like additional information.

Respectfully,

Karen

Karen Barton

Community Development Director | City of St. Louis Park

5005 Minnetonka Blvd

St. Louis Park, MN 55416

952.924.2684 voice/text

kbarton@stlouisparkmn.gov

www.stlouisparkmn.gov

Experience Life in the Park