

2026

# Legislative Summary Report

**H.F. 1159: Eligible uses of increment from tax increment financing districts expanded to include transfers to local housing trust funds, and requirements on use of transferred increment imposed.**



# Background

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 their own affordable housing trust funds.

This special legislation has allowed St. Louis Park to create almost 487 affordable units and transfer \$10 million into the city’s affordable housing trust fund. Unobligated pooled TIF creates a significant and unique revenue source that when deposited into a local housing trust fund enhances a city’s ability to provide funding to facilitate the creation and preservation of affordable housing to meet the needs of the community more broadly.

## Amount to Affordable Housing Trust Fund under special legislation

### St. Louis Park

- Rise on 7: \$1.8 million; 120 affordable units
- Arbor Court: \$850,000; 114 affordable units
- Beltline Station Development: \$1.793 million; 82 affordable units
- Union Park Flats: \$650,000; 60 affordable units
- Terasa: \$1 million; 45 affordable units
- Owner-occupied Minnetonka Blvd Twin Homes: \$400,000, 8 affordable units
- Wooddale Station Development: \$1 million, 58 affordable units



Income limit	Number of affordable units
30% AMI	71
40% AMI	22
50% AMI	141
60% AMI	253
<b>Total</b>	<b>487 units</b>

**Total affordable units created in St. Louis Park: 487**

**Total amount transferred to the city’s AHTF: \$10,072,571 \***

\* as of January 2026

## 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.



Photo of Rise on 7

## Arbor Court

Real Estate Equities constructed Arbor Court, a 114-unit, all-affordable workforce housing development located on the site of the former Aldersgate Church. The development is located at 3801 Wooddale Avenue South which is within blocks of the Greenline Extension Wooddale Avenue Light Rail Station. Arbor Court received \$850,000 as a loan from the City's Affordable Housing Trust Fund. The accumulated tax increment is providing 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 units will be affordable for 26 years.



Photo 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. The building opened in late 2024, and rents 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.



Photo of Union Park Flats, credit to Kory Kevin Studio Photography

## Beltline Station Development

The city has allocated \$1,793,000 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 20 units affordable at 30% AMI, 23 units affordable at 50% AMI, and 39 units affordable at 60% AMI. The funds will be provided via a long-term loan to the developer once qualified costs are incurred. Construction started January 2026 and is expected to be complete fall 2026. The units at the Beltline Station Development will be affordable for 40 years.



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

# Terasa

St. Louis Park has agreed to provide Hempel \$1 million from the city's Affordable Housing Trust Fund to create a mixed-income, mixed-use development that includes deeply affordable housing units. Located in St. Louis Park's West End at 5401 Gamble Drive, Terasa will include 6 units at 30% AMI, 39 units at 50% AMI, and 178 market rate units. The accumulated tax increment is providing deeper affordability within the development. Construction is anticipated to start January 2026 and the units in Terasa will be affordable for 26 years.



Rendering of Terasa



Rendering of Wooddale Station

## Wooddale Station Development

The City of St. Louis Park is working with Sentinel Management Company to develop the city-owned Wooddale Station development site located at 5950 36th St. W. and the neighboring commercial building at 5802 36th St. W. Sentinel proposes a 5 and 6-story building with approximately 265 residential units of which 21%, or 58 units, would be restricted to affordable rent levels. The development will include 10% of the units at 60% area median income (AMI), 10% of the units at 50% AMI, and 5 units at 30% AMI. The development will also

include approximately 10,500 square feet of ground floor commercial space, and a large public plaza. The city anticipates utilizing \$1 million of affordable housing trust funds to support the construction of deeply affordable units in this development, and construction is expected to start late 2026 or early 2027.

## Owner-occupied Minnetonka Blvd Twin Homes

The City of St. Louis Park has been working with the Greater Metropolitan Housing Corporation (GMHC) to pursue the development of owner-occupied affordable housing on four vacant EDA-owned, properties located at 5639, 5643, 5647, and 5707 Minnetonka Boulevard. GMHC proposes to develop four twin homes on the site providing eight affordable home ownership opportunities. The units would be affordable to households earning up to 60 to 80 percent of the area median income. The new twin homes would be constructed as zero lot line structures with one shared wall. Each lot would include an owner-occupied dwelling unit, an enclosed garage stall, and green space.

GMHC is partnering with Homes within Reach Community Land Trust which will establish a land trust on the properties prior to selling them to low-income qualified home buyers with the goal to provide several of the units to first-generation home buyers. The homes will remain as affordable owner-occupied homes in perpetuity.

The developer is assembling its capital stack, and the city anticipates providing at least \$400,000 from its Affordable Housing Trust Fund for the development in early 2026.



Rendering of Minnetonka Blvd Twin Homes

# Affordable housing programs

The city's Affordable Housing Trust Fund also helps fund numerous affordable housing programs. Pooled TIF transferred into the city's AHTF, allowed the city to expand the following housing programs in St. Louis Park.

## Emergency Repair Grant

The city offers emergency repair grants for households below 50% area median income to make immediate emergency repairs such as furnace replacement, roof repair, plumbing or electrical emergencies, etc. This program is administered by Sustainable Resources Center (SRC).

## Multifamily rental rehab program (60% AMI and below)

The multifamily rental rehab program provides moderate rehabilitation assistance to eligible owners of St. Louis Park multifamily residential rental properties with three or more units. Buildings must be at least 30 years old and meet the St. Louis Park definition of a NOAH property. The maximum loan amount per qualified rent restricted unit is \$5,000 with a maximum loan per building/development of \$100,000. Loans have 0% interest and are due upon the sale of the property. Owners must restrict the rents at the 60% AMI rent level. The goal of this program is to provide a rehab incentive for NOAH properties to improve their property without raising rents above the 60% AMI rent level.

## West Hennepin Affordable Housing Land Trust, dba Homes Within Reach (HWR) (80% AMI)

Homes Within Reach is a program of West Hennepin Affordable Housing Land Trust that purchases properties, rehabilitates, and then sells the home to qualified low to moderate income households. Buyers pay for the cost of the home only and lease the land for 99 years. City funds are leveraged with other funds. Homes Within Reach uses the community land trust model to create and preserve affordable homeownership for families in suburban Hennepin County.

## Emergency rental assistance

Annually, the City of St. Louis Park provides funding for emergency housing assistance through a competitive RFP process. The city has selected and partnered with the St. Louis Park Emergency Program (STEP) for emergency rental assistance and administration. STEP provides rental assistance for residents of St. Louis Park who have an unexpected crisis and cannot pay rent. The crisis must be able to be resolved with the ability to pay next month's rent. Documentation is requested at the time of application. Priority is given to those with gross incomes at or below 50% AMI.

## Home ownership down payment assistance program (100%/115% AMI and below)

The down payment assistance program (DPA) provides down payment/closing cost assistance to first-time home-buyers, or those that have not owned a home in the last three years, for purchasing a home in St. Louis Park. The loan is a zero percent interest deferred loan up to \$15,000, not to exceed five percent of the purchase price. An additional \$5,000 is available for employees of St. Louis Park businesses and St. Louis Park renters. Income restrictions apply.

## First generation program (80% AMI)

The first-generation program is designed to help first-generation buyers at or below 80% AMI become homeowners and build generational wealth. The loan is a 0% interest, forgivable loan. The loan is forgiven at 5% per year over a 20-year owner occupancy period. The maximum loan amount is based on the home-buyers' income and purchase price of the home with a maximum assistance of \$75,000. Income restrictions apply.

## Kids in the Park Rent Assistance Program (50% AMI and below, city funded)

Kids in the Park provides rent assistance to households with school-age children for up to four years. Participants receive a flat, monthly rental assistance subsidy that decreases annually over the four-year period. Eligible households must have an income at or below 50% of the area median income, a child attending school in St. Louis Park, one parent or guardian that works a minimum of 28 hours per week, live in rental housing in St. Louis Park, and comply with their lease. Families with disabled and elderly heads of household do not need to comply with the work requirement. The program was developed in partnership with the St. Louis Park Emergency Program (STEP) and the St. Louis Park School District.

## Move-Up Transformation Loan (120% AMI)

The purpose of this loan is to encourage residents to move up, not out, of St. Louis Park by expanding their homes. The program provides deferred loans for 25% of the applicant's home expansion project cost, with a maximum loan of \$35,000. The loan is forgiven after 30 years if homeowner continues to live in the home.