TIF Discussion

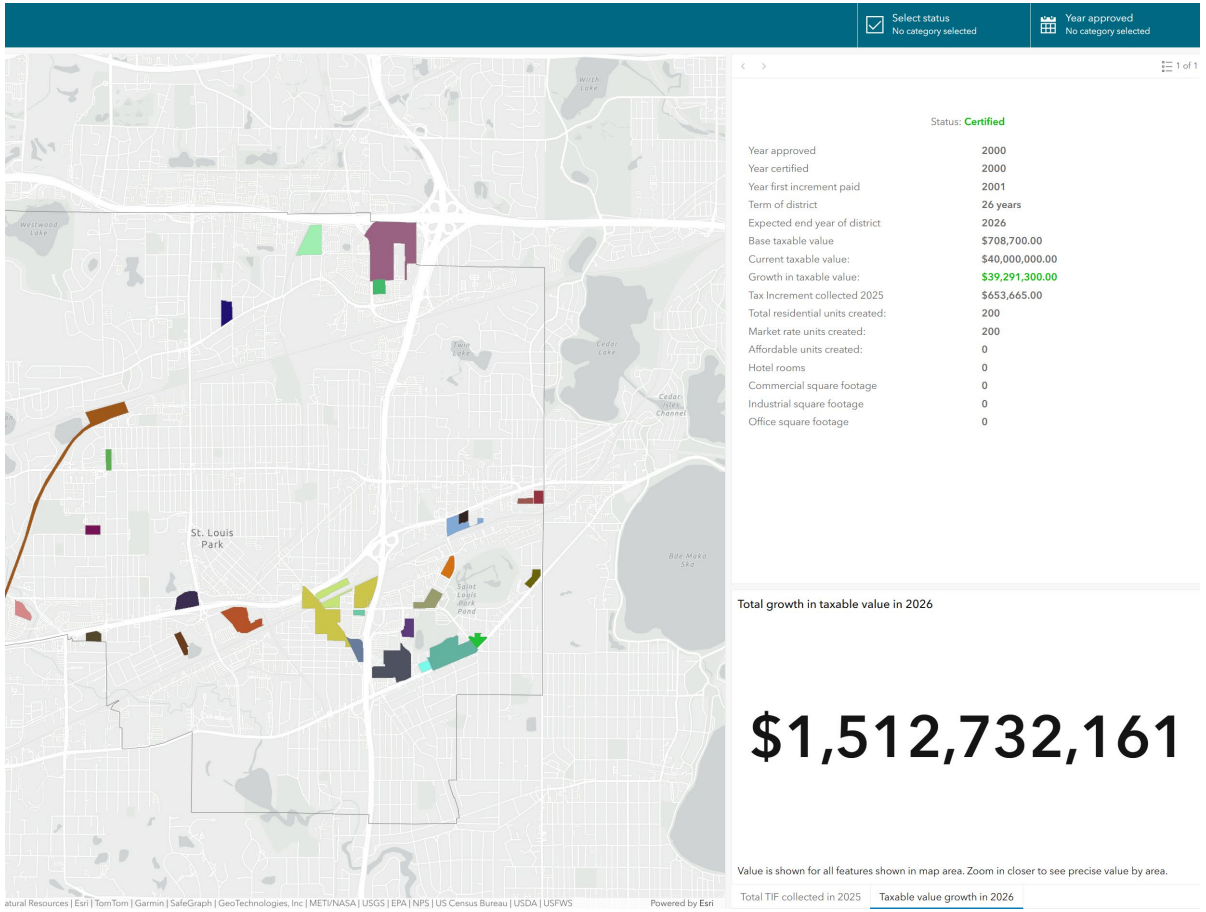
October 12, 2026

Discussion overview

History of TIF in SLP	• TIF dashboard • Impacts
Impact of TIF on tax base	• Value per acre • Example
Decision nodes for financial assistance	• “But For” test • Decision guardrails • Approval process

History of TIF in St. Louis Park

- Check out the TIF Dashboard



St. Louis Park MINNESOTA

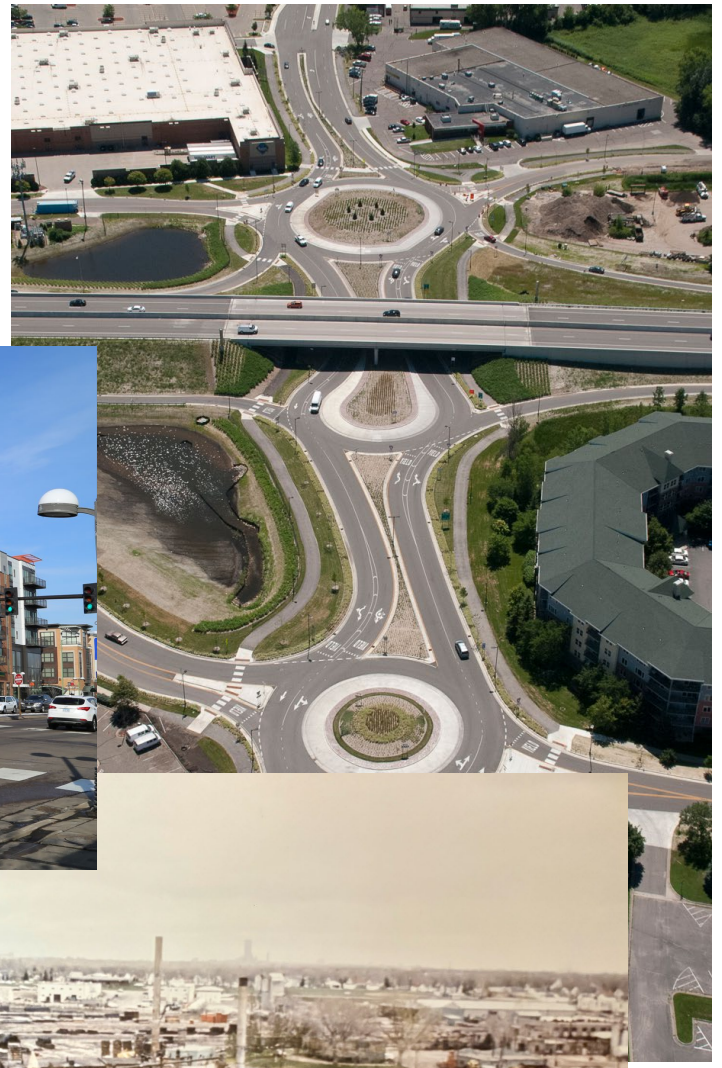
Impacts of utilizing TIF

- Implementing goals and strategies from the city's visioning processes and comprehensive plans
- Furthering strategic priorities
  - Furthering climate action & affordable housing goals
  - Funding the Affordable Housing Trust Fund
  - Provide public amenities
- Cleaning up contaminated properties & removing blight

St. Louis Park
MINNESOTA

Added impacts of utilizing TIF

- $10+ million to AHTF
- Infrastructure improvements
  - Excelsior Blvd streetscape
  - Excelsior Blvd bridge improvements
  - Reilly tar clean-up activities
  - Hwy 7 & Louisiana Ave stormwater intersection improvements
  - New stoplight at Excelsior Blvd & Quentin Avenue
  - Utility line installation and improvements at Beltline Blvd.



Added impacts of utilizing TIF

- Creates excess increment not provided to developers.
- This has paid for:
  - Louisiana Court Rehabilitation
  - Erv's Garage / Bikemasters / Hardcoat
  - Affordable housing at the Quentin
  - Wooddale Avenue bridge expansion over Hwy 7
  - 36th and Wooddale street and infrastructure improvements
  - Projects related to SWLRT
  - New future stoplight at Park Glen Road and Beltline Blvd

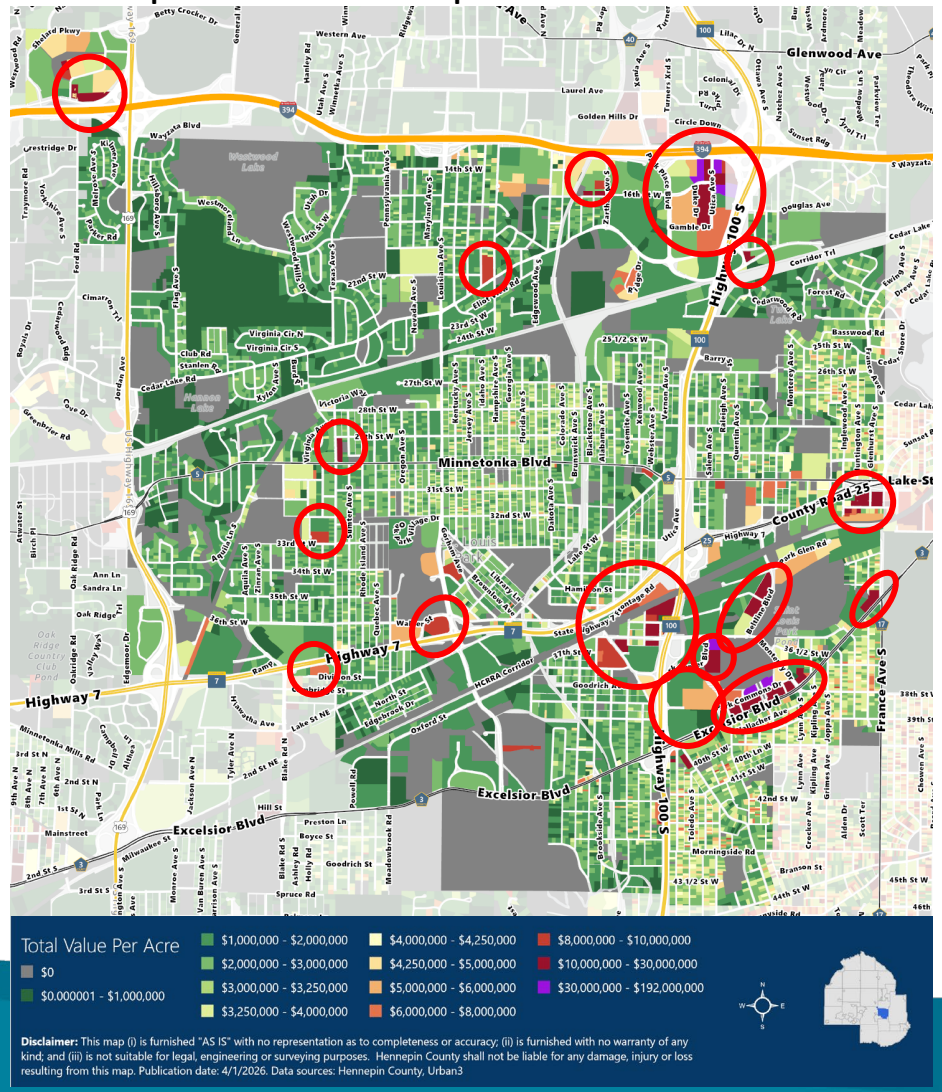
Impacts of utilizing TIF since 1973

	Use	Total Units or Sq. Ft.	Market Rate	Affordable	% Affordable	TIF Investment
	Residential	5,640 units	4,897	865	15%	$114,525,210
	Commercial	628,416 sq. ft.	N/A	N/A	N/A	
	Office	1,344,853 sq. ft.				
	Industrial	201,100 sq. ft.				
	Hotel	488 units				

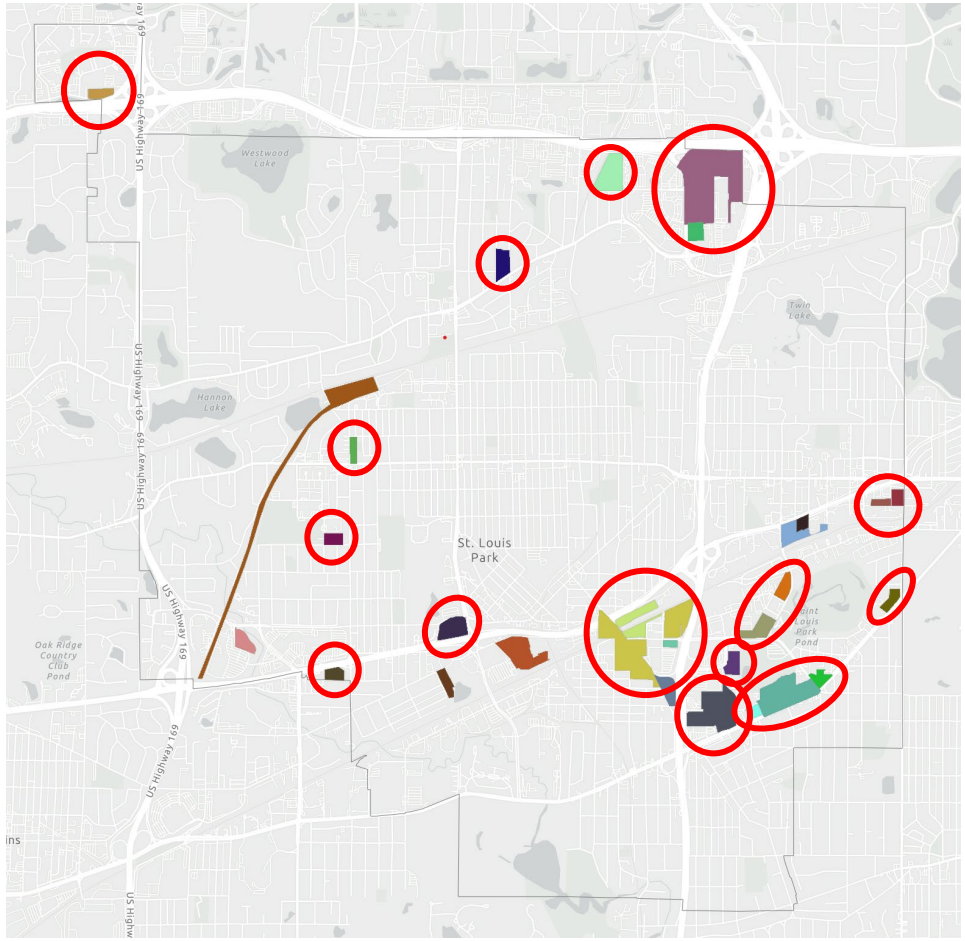
- $ 1.5 billion in added market value

Market value increases

Value per acre as of April 2026



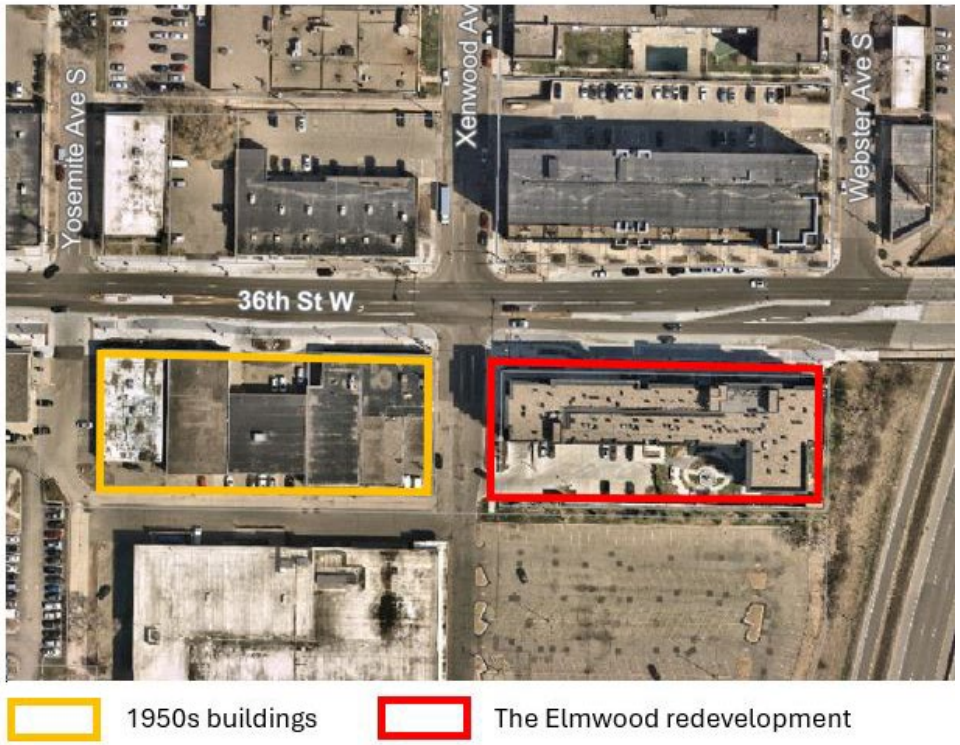
TIF Districts in St. Louis Park



St. Louis Park MINNESOTA

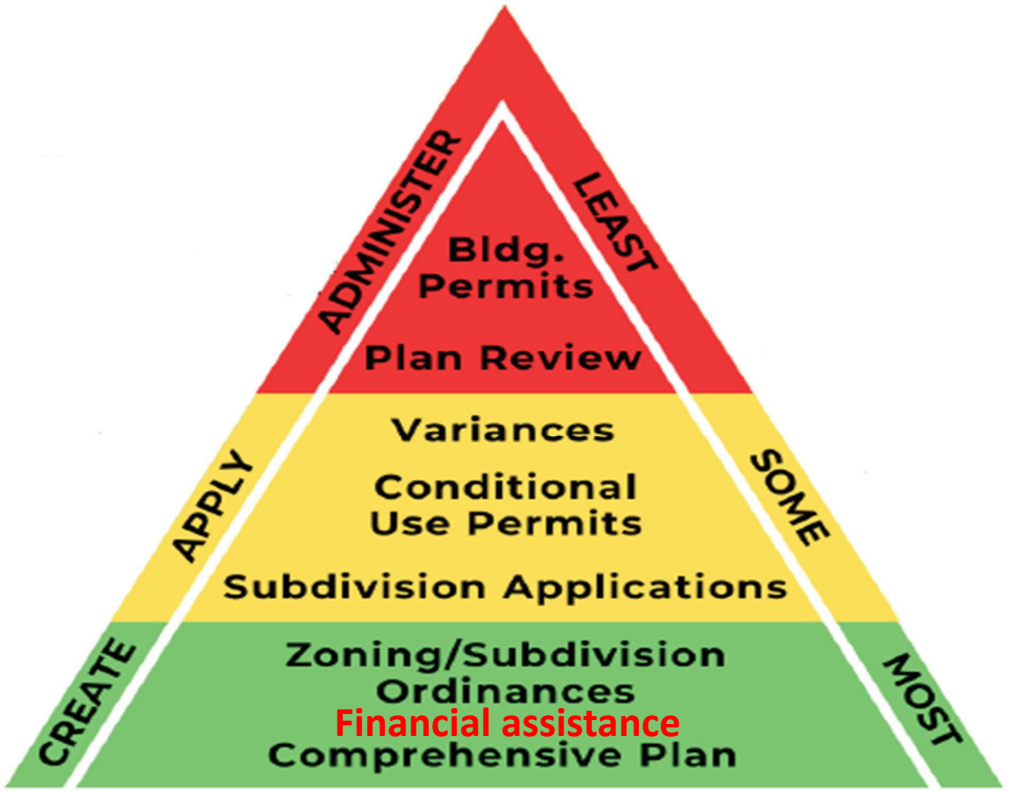
Example of TIF Impact on tax base

Comparable city blocks: status quo vs redevelopment



The Elmwood: $17.24 million
West block: $1.90 million

Pyramid of Discretion



Pyramid of Discretion

- Staff analyze and vet projects for compliance with city codes, policies, and strategic priorities prior to bringing them to council. The council has varying levels of discretion and authority

Ehlers' analysis

- What goes into determining what, if any, financial assistance is necessary?

But For Test

1. Increase in market value (Texa Tonka)

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	2,144,000
New Market Value - Est.	27,430,000
Difference	25,286,000
Present Value of Tax Increment	5,052,813
Difference	20,233,187
Value likely to occur without Tax Increment is less than:	**20,233,187**

2. Reasonable foreseeable future
   - ✓ History of site
   - ✓ Site specific issues (extraordinary costs, several proposals all asking for TIF, etc.)
   - ✓ Requirements of City (affordable housing, green building policy, sustainability measures, etc.)
   - ✓ Financial feasibility
3. Proforma review
   - ✓ Not required by Statute but good policy to help determine #2

But For Test

- Texa Tonka
  - ✓ Requested $3.380M
  - ✓ Received $2.6M in TIF over 12 years

Extraordinary Costs			
Project Cost	**Amount**	**% of Cost**	**Per Unit**
Demolition	$ 40,000	0.2%	
Debris Removal	$ 590,000	2.2%	
Soil Remediation	$ 650,000	2.5%	
Solar	$ 75,000	0.3%	
TOTAL	**$1,355,000**	**5.2%**	**$ 12,098**

Affordability Costs					
25 Years				Term of Assistance	Affordability Write Down
Units	**Total**	**Per Unit**	**Per Year**		
23	$2,957,702	$ 128,596	$ 5,144	12	$ 1,245,000

But For Test

Texa Tonka
City of St. Louis Park
112 Mixed-Income Apts
Multi-Year Operating Proforma

		Stabilized								
		2024	2025	2027	2029	2031	2033	2035	2036	2037
Effective Gross Income (EGI)		**2,176,820**	**2,231,240**	**2,344,197**	**2,462,872**	**2,587,554**	**2,718,549**	**2,856,176**	**2,927,580**	**3,000,770**
Total Expenses		**764,409**	**970,780**	**999,287**	**1,029,238**	**1,060,705**	**1,093,764**	**1,128,498**	**1,146,518**	**1,164,989**
NET OPERATING INCOME		**1,412,410**	**1,260,460**	**1,344,909**	**1,433,634**	**1,526,850**	**1,624,785**	**1,727,678**	**1,781,062**	**1,835,780**
Tax Increment Financing Revenue	*Inflator:* 0%	**140,516**	**300,720**	**300,720**	**300,720**	**300,720**	**300,720**	**300,720**	**0**	**0**
ADJUSTED NET OPERATING INCOME		**1,552,926**	**1,561,180**	**1,645,630**	**1,734,354**	**1,827,570**	**1,925,505**	**2,028,399**	**1,781,062**	**1,835,780**
		2024	2025	2027	2029	2031	2033	2035	2036	2037
Debt Service	Debt Terms	Year 2	Year 3	Year 5	Year 7	Year 9	Year 11	Year 13	Year 14	Year 15
Debt A: First Mortgage	30 yr amortization @ 4.25%	1,098,345	1,098,345	1,098,345	1,098,345	1,098,345	1,098,345	1,098,345	1,098,345	1,098,345
Total Debt Service		**1,098,345**	**1,098,345**	**1,098,345**	**1,098,345**	**1,098,345**	**1,098,345**	**1,098,345**	**1,098,345**	**1,098,345**
	Calc Method									
NET CASH FLOW AVAILABLE FOR DISTRIBUTION		**454,581**	**462,835**	**547,284**	**636,009**	**729,225**	**827,160**	**930,053**	**682,717**	**737,435**
Returns Analysis										
Cash on Cash Annual Return		6.3%	6.4%	7.6%	8.8%	10.1%	11.5%	12.9%	**9.5%**	10.2%
Cash on Cash Average Annual Return	Start From: Year 2	6.3%	6.4%	6.8%	7.4%	8.0%	8.6%	9.3%	**9.3%**	9.3%
Cash on Cash Annual Return (w/o TIF assistance)		4.4%	2.2%	3.4%	4.6%	5.9%	7.3%	8.7%	**9.5%**	10.2%
Cash on Cash Average Annual Return (w/o TIF assistance)		4.4%	3.3%	3.2%	3.6%	4.1%	4.7%	5.3%	**5.6%**	5.9%

Financial Assistance Decisions - TIF

Action item

TIF awards

Role of Council/EDA

Decision-maker on whether awarding TIF is in the best interest of the city.

Decision making factor

Does the request adhere to the adopted TIF policy and other city policies

Does the council wish to expand the city's TIF portfolio?

Does the proposed project advance the city's strategic priorities?

Is the applicant being treated similarly to other TIF award decisions? If differently, is there a factual reason for the actions?

Additional consideration

If council wishes to impose restrictions or requirements that are not currently in the TIF policy, the policy should be amended.

Guardrails

Be cognizant of treating similar applications/requests differently. If council wishes to impose certain conditions or refuse a project, the conditions/refusal should be clearly stated, rooted in the decision-making factors outlined, and based on established facts, not allegations, neighborhood sentiment or unverified information.

TIF Policy

- Analyze applications through the lens of the TIF Policy
  - Guide decision making
  - Remove bias & follow guardrails
  - Ensure projects meets or exceeds the city's expectations for utilization of TIF.
- Adopted 1997 & amended 2021

Applicable TIF District	Redevelopment/Renewal & Renovation/ Housing/Economic Development	Housing district	Yes
Statutory TIF district requirements	**Housing District** 40% of the units affordable at 60% AMI 20% of the units affordable at 50% AMI: or 10% of the units affordable at 30% AMI	100% of the units will be affordable between 30% to 80% AMI, income average to 60% AMI	Yes
Use of TIF	Proposed costs are statutorily eligible for reimbursement through proposed TIF district.	Proposed use of tax increment financing to mitigate the cost of constructing affordable housing is statutorily eligible	Yes

Discretionary approval process: financial assistance

1. Initial report & recommendations

- Report outlining requests for discretionary approvals:
  - TIF — Tax Increment Financing
  - AHTF — Affordable Housing Trust Fund
  - PUD — Planned Unit Development
- Recommended level of financial assistance

2. Financial assistance terms

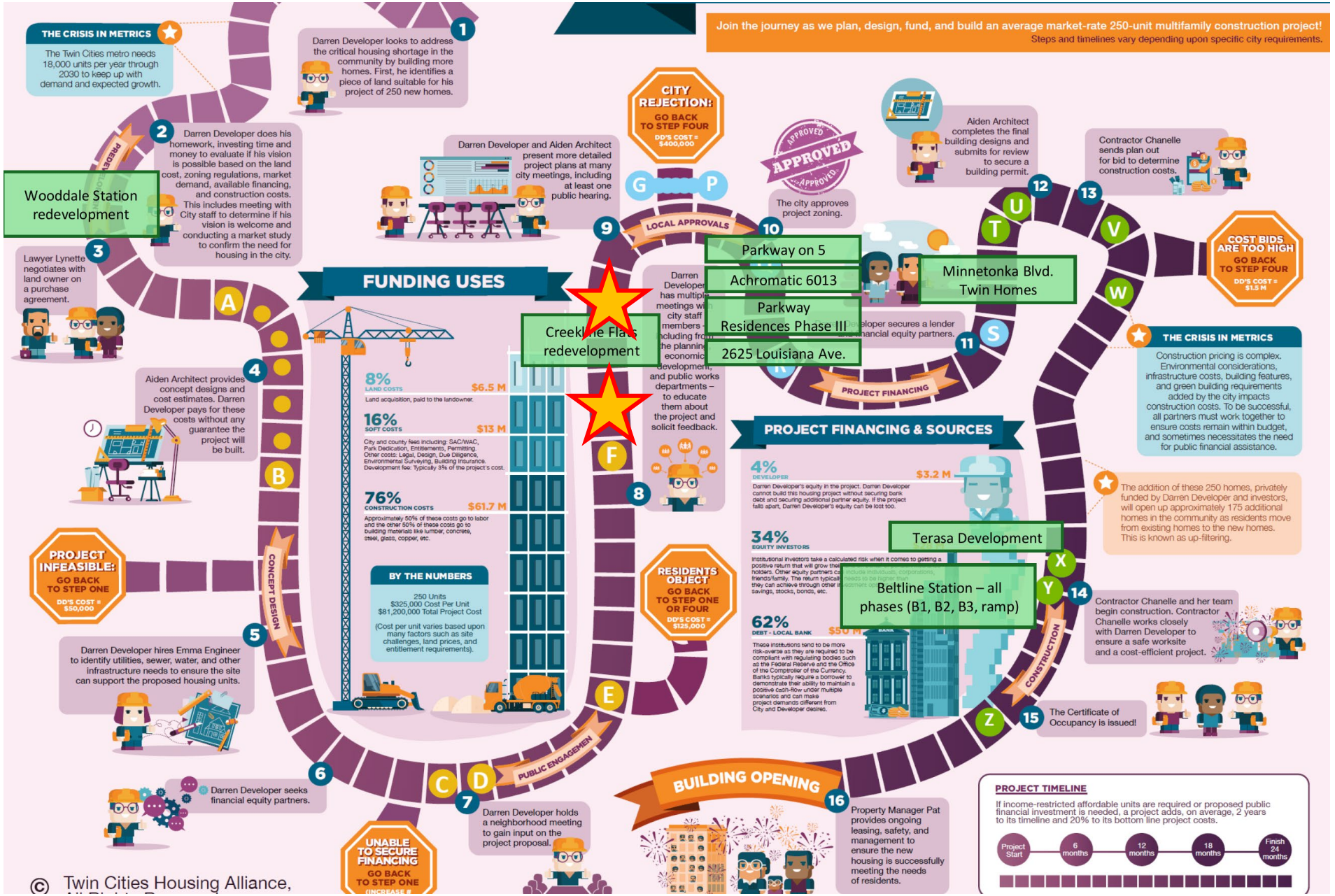
- Report outlining proposed business terms and conditions of financial assistance

3. Public hearing

- Public presentation and opportunity for community input

4. Final approval

- Consideration and approval of final contracts and agreements



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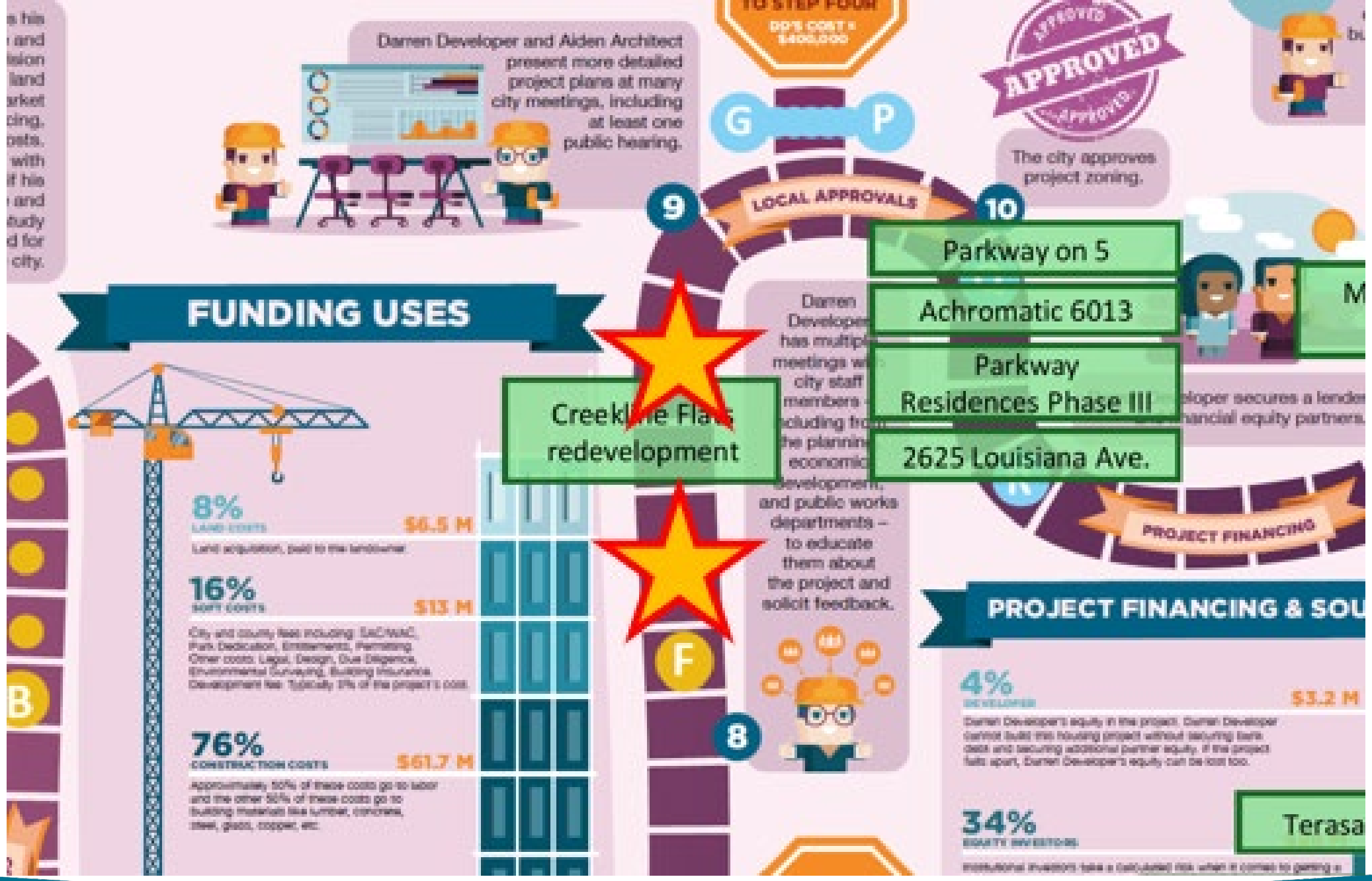
Darren Developer and Alden Architect present more detailed project plans at many city meetings, including at least one public hearing.
APPROVED
The city approves project zoning.
9
LOCAL APPROVALS
10
Parkway on 5
Achromatic 6013
Parkway Residences Phase III
2625 Louisiana Ave.
Creekline Flats redevelopment
FUNDING USES
8%
LAND COSTS
$6.5 M
Land acquisition, paid to the landowner.
16%
SOFT COSTS
$13 M
City and county fees including SaC/WaC, Park Dedication, Entitlements, Permitting. Other costs: Legal, Design, Due Diligence, Environmental Surveying, Building Insurance. Development fee: Typically 3% of the project's cost.
76%
CONSTRUCTION COSTS
$61.7 M
Approximately 50% of these costs go to labor and the other 50% of these costs go to building materials like lumber, concrete, steel, glass, copper, etc.
Darren Developer has multiple meetings with city staff members – including from the planning, economic development, and public works departments – to educate them about the project and solicit feedback.
PROJECT FINANCING
PROJECT FINANCING & SOU
4%
$3.2 M
Darren Developer's equity in the project. Darren Developer cannot build this housing project without securing bank debt and securing additional partner equity. If the project falls apart, Darren Developer's equity can be lost too.
34%
Terasa
B
F
8

Questions & discussion

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Annual TIF Status Report & Financing Tools
City of St. Louis Park

Stacie Kvilvang & Jason Aarsvold – Ehlers

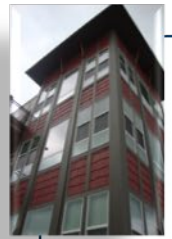
October 12, 2026

Overview

- Number of TIF Districts By Type
- District Overview and Outcomes
- TIF for Affordable Housing
- Captured Tax Capacity
- District Decertification and Options
- Discussion / Direction From City Council

District Overview

- Created **32** TIF Districts since **1972**
- **17** active today



6 Housing Districts

9 Redevelopment Districts

2 Renovation & Renewal Districts

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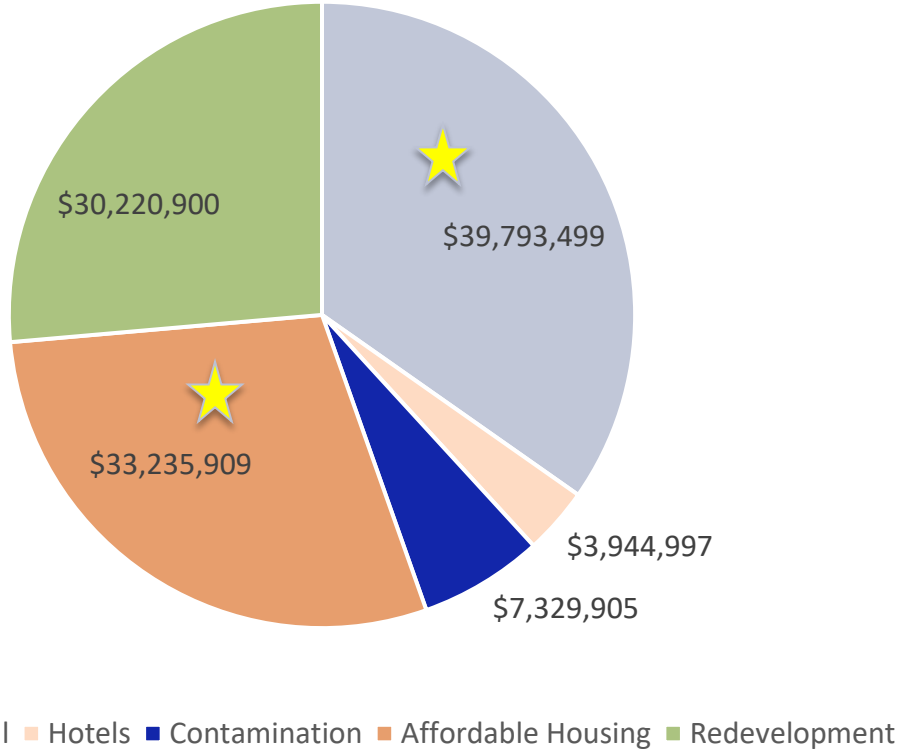
District Overview

Largest TIF investment has been in **2** transformational projects (Excelsior and Grand and West End) and **affordable housing**



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TIF Investment and Outcomes

	Use	Total Units or Sq. Ft.	Market Rate	Affordable	% Affordable	TIF Investment
	Residential	5,640 units	4,806	956	17%	
	Commercial	628,416 sq. ft.				
	Office	1,344,853 sq. ft.	N/A	N/A	N/A	$114,525,210
	Industrial	201,100 sq. ft.				
	Hotel	488 units				

Note: Numbers are cumulative since 1972

- **$1.032 billion** in value on active, fully developed TIF districts
- **1,098%** increase in market value on active TIF districts

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Assumptions

1. Zarthan & Mill City decertify at the end of 2026 — Required
2. Aquila Commons remains open at least through 2027 and transfer funds to the AHTF (approximately $200,000) per legislative authority — Recommended
   a. City / EDA may decide to decertify at the end of 2026
3. Modify Bridgewater Bank & Woodale Station TIF plans in 2026 to elect additional 10% for affordable housing to maximize funding to AHTF — Recommended
   a. City / EDA needs to determine if it wants to keep Bridgewater Bank open, make the 10% election to pool to the AHTF **OR** payoff the IFL and decertify at the end of 2026
   b. City / EDA needs to determine if it wants to make the 10% election for Woodale Station to pool to the AHTF in 2026
4. Make anticipated deposits to AHTF from all other eligible districts in 2026 — Recommended
   a. Zarthan & Mill City (2025 decision), Eliot Park (2023 decision), West End & Park Commons (2023 decision)

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Special Legislation- $ to AHTF

- **9** redevelopment districts and **2** housing districts provide(d) funding to AHTF
- Approximately **$10.010M** since 2020
- Approximately **$3.638** to transfer in 2026 (**$1.350M** from 2 Districts decertifying in **2026** & a decertified District)
- Anticipate total of **$13.648M** available to be transferred by time legislative authority ends on ***December 31, 2026***
  - ✓ ***This amount reduces to $12.519M if City Council determines not to make 10% election for the 2 districts in Orange***

POOLING FOR AFFORDABLE HOUSING (TRUST FUND)
Gray Shaded Areas Depict TIF District That Have Been Modified to Allow For Additional 10% - Green Shaded Area Are Hsg TIF Districts & Orange Shaded Are Recommended to Make the 10% Election

Year	Wolfe Lake Redev (DECERTIFIED)	Zarthan Redev	Mill City Redev	Ellipse Redev (DECERTIFIED)	Eliot Park Redev (DECERTIFIED)	Shoreham Redev (DECERTIFIED)	West End Redev	4900 Excelsior Redev (DECERTIFIED)	Park Commons Redev	Park Center Hsg (DECERTIFIED)	Aquila Hsg	Bridgwater Bank Redev	Woodale Station Redev	Yearly Total	Cumulative
2020				170,000										170,000	**170,000**
2021	109,421			492,066	163,361	146,387				460,787	583,962			1,955,984	**2,125,984**
2022				353,562	135,627	542,960				184,410				1,216,559	**3,342,543**
2023	125,000	495,000	630,000	279,809	2,620					177,667	210,940			1,921,036	**5,263,579**
2024	275,000	600,000	630,000					475,000			232,131			2,212,131	**7,475,710**
2025	250,000	600,000	695,000				-	775,000			215,000			2,535,000	**10,010,710**
2026		**592,800**	**634,150**		**123,326**		**400,000**		**550,000**		**207,668**	**590,000**	**540,000**	**3,637,944**	**13,648,654**
TOTAL	**759,421**	**2,287,800**	**2,589,150**	**1,295,437**	**424,934**	**689,347**	**400,000**	**1,250,000**	**550,000**	**822,864**	**1,449,701**	**590,000**	**540,000**	**13,648,654**	

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Captured Tax Capacity

- **9.1%** of tax capacity captured in TIF
  - ✓ 2027 decrease to **8.3%** is due to ***Zarthan and Mill City*** TIF district terminations
  - ✓ 2028 Decrease to **6.5%** is due to ***Park Commons and Hwy 7 district*** terminations
  - ✓ 2028 – 2031 fluctuate between **6.5%** and **7%** as districts come on and decertify
  - ✓ Assumes no new TIF districts are established

District	District Type	Actual					Projected				
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Captured TIF Tax Capacity		**12,614,033**	**13,809,130**	**13,822,199**	**14,165,903**	**10,973,667**	**10,118,916**	**8,126,848**	**8,716,337**	**8,937,103**	**9,026,474**
Total Tax Capacity (Gross)		106,119,396	116,626,650	120,912,490	121,168,959	120,745,314	121,952,767	124,404,018	125,648,058	126,904,539	128,173,584
Percentage of Tax Base in TIF		**11.9%**	**11.8%**	**11.4%**	**11.7%**	**9.1%**	**8.3%**	**6.5%**	**6.9%**	**7.0%**	**7.0%**

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5 Districts Decertifying in Next 3 Years

TIF District	Obligation(s) Paid In Full	Decertifies Dec. 31	2027	2028	2029	Next 3 Captured Tax Capacity
*Zarthan	2022	2026	463,797			463,797
*Mill City	2023	2026	491,141			491,141
Park Commons	2027	2027	-	2,798,683		2,798,683
Highway 7 Corporate Center	2027	2027	-	153,759		153,759
Bridgewater Bank	2028	2028	-	-	214,341	214,341
Total Annual Captured Net Tax Capacity Returned to Tax Rolls			954,938	2,952,442	214,341	3,907,380
City Tax Rate for Taxes Payable in 2026 [1]		51.751%				
Estimated Additional Annual Tax Levy Available [1]			$ 494,190	$ 1,527,918	$ 110,923	$ 2,022,108

City Council may elect to decertify in 2026

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Bringing It All Together

District	Recommendation	Year Affected	Dollars Available	Annual Impact on Average Value Home If Decertified	Remaining Term of District
Aquila	Keep open for another year	2027	$ 208,000	$ (3.84)	2032
Bridgewater Bank	Make 10% Election for Affordable housing and transfer funds to AHTF	2027	$ 590,000	$ (4.36)	2028
Woodale Station	Make 10% Election for Affordable housing and transfer funds to AHTF	2027	$ 540,000	N/A - District has PAYGO through 2030 so district has to stay open	2030 if decertify after PAYGO paid in full. 2034 if keep open to collect $ for affordable housing.
TOTAL	**N/A**	**N/A**	**$ 1,338,000**	**$ (8.20)**	**N/A**

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Discussion

1. Does the City want to keep Aquila Commons open through 2032 to retain approximately $208,000/year for affordable housing projects / programs - ***Recommended***
2. Does the City want to do a budget modification for Bridgewater Bank to contribute to the AHTF ***($590,000***), which would keep the district open through 2028? **– *Recommended***
3. Does the City want to do a budget modification for Woodale Station to make maximize allowable contributions to the AHTF through December 31, 2026 ***($540,000) - Recommended***