EXECUTIVE SUMMARY

TITLE: Call for Public Hearing to Consider Establishment of Elmwood Apartments TIF District

RECOMMENDED ACTION: Motion to Adopt Resolution calling for a public hearing relative to the establishment of the Elmwood Apartments Tax Increment Financing (TIF) District within Redevelopment Project No. 1 (a redevelopment district).

POLICY CONSIDERATION: Does the City Council wish to hold a public hearing on May 15, 2017 to consider the establishment of a Redevelopment Tax Increment Financing District in connection with the proposed Elmwood Apartments project?

SUMMARY: 36th Street LLC (“Developer”) owns the property and building located at 5605 W 36th Street known as the 36th Street Business Center. The Developer proposes to demolish the structurally substandard building and construct a 6-story, mixed-use, senior housing building called The Elmwood. The project will consist of 85 residential units restricted to residents age 55+, of which 17 (or 20%) will be affordable at 60% of the area median income (AMI), and approximately 4,920 square feet of commercial space. The project’s financial pro forma exhibits a financial gap which precludes the project from proceeding. Accordingly, the Developer submitted an application for Tax Increment Financing (TIF) assistance. 36th Street LLC’s TIF request was reviewed at the March 27th Study Session where it received favorable support.

FINANCIAL OR BUDGET CONSIDERATION: The cost to construct the proposed Elmwood Apartments project is approximately $19 million. According to an analysis of the Developer’s project proforma conducted by Ehlers (the EDA’s financial consultant), the project is not financially feasible but/for the provision of $950,000 in tax increment assistance. Such assistance is necessary to offset a portion of the project’s $3.6 million in extraordinary site preparation costs. It is proposed that the EDA enter into a redevelopment contract with 36th Street LLC under which the Developer agrees to construct the proposed project and be reimbursed for qualified site improvement costs up to $950,000 in pay-as-you-go tax increment generated by the project over a 6 year term. That level of assistance would mitigate enough of the extraordinary site costs such that it allows the project to achieve a rate of return sufficient to attract the necessary equity capital to enable the project to proceed.

Setting a hearing date for the proposed Elmwood Apartments TIF District does not, in itself, authorize or commit the EDA/City to any level of TIF assistance for the proposed project. Procedurally it simply enables the City to hold a public hearing to consider the creation of the new TIF district. The EDA will have the opportunity to consider the business terms of the financial assistance in the near future. Those terms will be incorporated into a redevelopment contract with 36th Street LLC expected to be brought to the EDA for formal consideration on May 15th; the same evening as the proposed TIF district public hearing.

VISION CONSIDERATION: St. Louis Park is committed to providing a well-maintained and diverse housing stock.

SUPPORTING DOCUMENTS: Resolution
TIF Schedule

Prepared by: Greg Hunt, Economic Development Coordinator
Reviewed by: Michele Schnitker, Housing Supervisor/Deputy CD Director
Approved by: Nancy Deno, Deputy City Manager/HR Director
RESOLUTION NO. 17-____

RESOLUTION CALLING FOR A PUBLIC HEARING BY THE CITY COUNCIL ON THE PROPOSED ADOPTION OF A MODIFICATION TO THE REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 1 AND THE PROPOSED ESTABLISHMENT OF THE ELMWOOD APARTMENTS TAX INCREMENT FINANCING DISTRICT THEREIN AND THE ADOPTION OF THE TAX INCREMENT FINANCING PLAN THEREFOR.

BE IT RESOLVED by the City Council (the "Council") for the City of St. Louis Park, Minnesota (the "City"), as follows:

Section 1. Public Hearing. This Council shall meet on May 15, 2017, at approximately 7:30 P.M., to hold a public hearing on the proposed adoption of a Modification to the Redevelopment Plan for Redevelopment Project No. 1, the proposed establishment of the Elmwood Apartments Tax Increment Financing District, and the proposed adoption of a Tax Increment Financing Plan therefor, all pursuant to and in accordance with Minnesota Statutes, Sections 469.090 to 469.1082, and Sections 469.174 to 469.1794, inclusive, as amended, in an effort to encourage the development and redevelopment of certain designated areas within the City; and

Section 2. Notice of Public Hearing, Filing of Plans. City staff is authorized and directed to work with Ehlers to prepare a Modification to the Redevelopment Plan for Redevelopment Project No. 1 and a Tax Increment Financing Plan for the Elmwood Apartments Tax Increment Financing District (collectively, the “Plans”) and to forward documents to the appropriate taxing jurisdictions including Hennepin County and Independent School District No. 283. The Economic Development Coordinator is authorized and directed to cause notice of the hearing, together with an appropriate map as required by law, to be published at least once in the official newspaper of the City not later than 10, nor more than 30, days prior to May 15, 2017, and to place a copy of the Plans on file in the Economic Development Coordinator's office at City Hall and to make such copy available for inspection by the public.

Reviewed for Administration: Adopted by the City Council April 3, 2017

Thomas K. Harmening, City Manager Jake Spano, Mayor

Attest:

Melissa Kennedy, Clerk
SCHEDULE OF EVENTS

ST. LOUIS PARK ECONOMIC DEVELOPMENT AUTHORITY
AND THE CITY OF ST. LOUIS PARK
HENNEPIN COUNTY, MINNESOTA

FOR THE MODIFICATION TO THE REDEVELOPMENT PLAN
FOR REDEVELOPMENT PROJECT NO. 1

AND THE ESTABLISHMENT OF THE
ELMWOOD APARTMENTS TAX_INCREMENT FINANCING DISTRICT
(a redevelopment district)
Draft as of Feb. 22, 2017

March 29, 2017  Project information (property identification numbers and legal descriptions, detailed project description, maps, but/for statement, and list of sources and uses of funds) for drafting necessary documentation sent to Ehlers.

April 3, 2017  EDA requests that the City Council call for a public hearing.

April 3, 2017  City Council calls for a public hearing.

April 3, 2017  Ehlers confirms with the City whether building permits have been issued on the property to be included in the TIF District.

N/A  County receives TIF Plan for review for County Road impacts (at least 45 days prior to public hearing). *The County Board, by law, has 45 days to review the TIF Plan to determine if any county roads will be impacted by the development. Because the City staff believes that the proposed tax increment financing district may require county road improvements, the TIF Plan will be forwarded to the County Board 45 days prior to the public hearing.*

April 4, 2017  Letter received by County Commissioner giving notice of a potential redevelopment tax increment financing district (at least 30 days prior to publication of public hearing notice). [Ehlers will fax and mail on or before April 4, 2017]

April 14, 2017  Fiscal/economic implications received by School Board Clerk and County Auditor (at least 30 days prior to public hearing). [Ehlers will fax and mail on or before April 14, 2017.]

April 24, 2017  Ehlers conducts internal review of the Plans.

May 3, 2017  Planning Commission reviews Plans to determine if they are in compliance with City's comprehensive plan and adopts a resolution approving the Plans.
SCHEDULE OF EVENTS – PAGE 2

ST. LOUIS PARK ECONOMIC DEVELOPMENT AUTHORITY
AND THE CITY OF ST. LOUIS PARK
HENNEPIN COUNTY, MINNESOTA

FOR THE MODIFICATION TO THE REDEVELOPMENT PLAN
FOR REDEVELOPMENT PROJECT NO. 1

AND THE ESTABLISHMENT OF THE
ELMWOOD APARTMENTS TAX INCREMENT FINANCING DISTRICT
(a redevelopment district)

May 4, 2017 Date of publication of hearing notice and map (at least 10 days but not more than 30 days prior to hearing). [Ehlers will submit notice & map to the St. Louis Park Sun Sailor on or before April 27, 2017 at sunlegals@ecm-inc.com]

May 15, 2017 EDA adopts a resolution approving the Plans.

May 15, 2017 City Council holds public hearing at 7:30 p.m. on a Modification to the Redevelopment Plan for Redevelopment Project No. 1, the establishment of the Elmwood Apartments Tax Increment Financing District and passes resolution approving the Plans. [Ehlers will email Council packet information to the City on or before May 8, 2017]

May 16, 2017 City can issue building permits.

___________ Ehlers requests certification of the TIF District from the state and county.

An action under subdivision 1, paragraph (a), contesting the validity of a determination by an authority under section 469.175, subdivision 3, must be commenced within the later of:

(1) 180 days after the municipality’s approval under section 469.175, subdivision 3; or
(2) 90 days after the request for certification of the district is filed with the county auditor under section 469.177, subdivision 1.