



**To:** MAYOR AND COUNCIL

**Agenda Item #:** IV. M.

**From:** Bill Neuendorf  
Economic Development Manager

**Action**

**Discussion**

**Information**

**Date:** June 17, 2014

**Subject:** Resolution 2014-68 - Approving a Special Law Authorizing Tax Increment Financing Districts for Housing Purposes and Expenditures from the Southdale 2 Tax Increment Financing District

### **Action Requested:**

Approve Resolution 2014-68.

### **Information / Background:**

The City established the Southdale 2 TIF District in 2012 with the intention of attracting new investment and stimulating job growth in the greater Southdale area. This TIF District is anticipated to generate significant revenue with the completed renovations to Southdale Center and new construction of One Southdale Place apartments. While this area has greater growth potential, the state legislation that governs this TIF District no longer allows new projects to be financially supported.

State Senator Melisa Franzen and State Representative Ron Erhardt sponsored special legislation in the 2014 state legislation session to establish a Special Law that would allow the City to continue to support new investments in affordably-priced housing in Edina.

Those efforts were successful and resulted in a Special Law. This new law will allow Edina to establish new TIF Districts throughout the Southeast Edina Redevelopment Project Area to further the goals of affordably-priced housing in Edina. Based on the high real estate value in many areas of Edina, the new law lowers the threshold from 40% to 20% of affordably-priced units in new multi-family developments. The new law also allows for pooling of incremental taxes from the Southdale 2 District to support new housing elsewhere in Edina.

At this time, no specific sites have been identified. However, it is anticipated that this new law will allow more housing options to be constructed in the future. City approval of this Special Law is required before it formally goes into effect.

### **Attachments:**

2014 Special Laws, excerpt (Chapter 308, Article 6, Section 8)  
Map of Southeast Edina Redevelopment Project Area  
Proposed Resolution 2014-68

## **2014 Minnesota Laws, Chapter 308, Article 6, Section 8**

### **Sec. 8. CITY OF EDINA; TAX INCREMENT FINANCING.**

Subdivision 1. **Authority to create districts.** (a) The governing body of the city of Edina or its development authority may establish one or more tax increment financing housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries exist on March 31, 2014.

(b) The authority to request certification of districts under this section expires on June 30, 2017.

Subd. 2. **Rules governing districts.** (a) Housing districts established under this section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, except as otherwise provided in this subdivision.

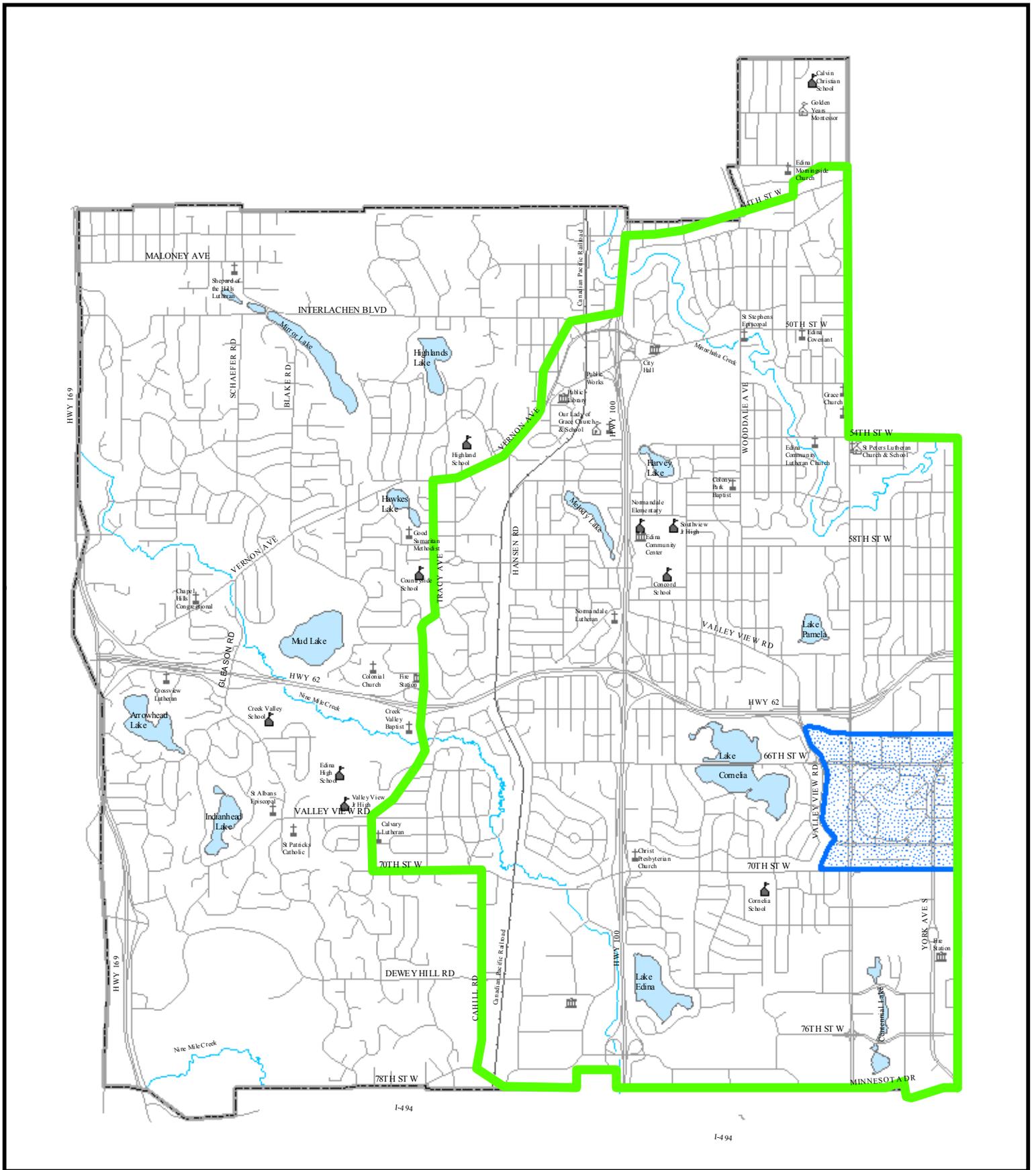
(b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, no increment must be paid to the authority after 20 years after receipt by the authority of the first increment from a district established under this section.

(c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761, subdivision 3, for a residential rental project, the city may elect to substitute "20 percent" for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code in determining the applicable income limits.

(d) The provisions of Minnesota Statutes, section 469.1761, subdivision 3, apply for a 25-year period beginning on the date of certification of the district.

Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment from the Southdale 2 district for a housing project of a district established under this section as expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d): (1) without regard to whether the housing meets the requirement of a qualified building under section 42 of the Internal Revenue Code; and (2) may increase by an additional 25 percentage points the permitted amount of expenditures for activities located outside the geographic area of the district permitted under that section.

**EFFECTIVE DATE.** This section is effective upon compliance by the governing body of the city of Edina with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.



# Southeast Edina Redevelopment Project Area and Southdale 2 TIF District



- Project Area
- Southdale 2 TIF District



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**RESOLUTION NO. 2014-68**

**RESOLUTION APPROVING A SPECIAL LAW AUTHORIZING  
TAX INCREMENT FINANCING DISTRICTS FOR HOUSING PURPOSES  
AND EXPENDITURES FROM THE SOUTHDALE 2  
TAX INCREMENT FINANCING DISTRICT**

**WHEREAS**, Article XII, Section 2 of the Minnesota Constitution and Minnesota Statutes §645.021 authorize a local government unit to enact a special law affecting the local government unit following approval by resolution adopted by a majority vote of all members of the governing body; and

**WHEREAS**, the Minnesota Legislature approved a special law, Minn. Laws 2014, Chapter 308, Article 6, Section 8 providing that the City of Edina or its development authority may establish one or more tax increment financing districts in the Southeast Edina Redevelopment Project Area, as the boundaries exist on March 31, 2014; and

**WHEREAS**, the special law is effective upon approval of the City Council.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF EDINA, MINNESOTA, HENNEPIN COUNTY, MINNESOTA (THE "CITY") AS FOLLOWS:**

1. 2014 Minnesota Laws, Chapter 308, Article 6, Section 8 (the "Special Law"), which authorizes the City to establish one or more new housing tax increment districts in the current boundaries of the Southeast Edina Redevelopment Project Area and authorizes expenditures from the Southdale 2 tax increment financing district, subject to certain special rules, is hereby approved.

2. The City Clerk is authorized and directed to file with the Secretary of State a certified copy of this resolution and the appropriate certificate in the form prescribed by the State Attorney General no later than December 31, 2014.

Dated: June 17, 2014

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James B. Hovland, Mayor

ATTEST:

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Debra A. Mangen, City Clerk

STATE OF MINNESOTA     )  
COUNTY OF HENNEPIN   (ss.  
CITY OF EDINA            )

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina, do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of June 17, 2014, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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Debra A. Mangen, City Clerk